

Nos. 14930-31-32

United States
Court of Appeals
for the Ninth Circuit

No. 14930

RAMESON BROTHERS, etc., et al., Appellants,
vs.
GEORGE T. GOGGIN, Trustee in Bankruptcy,
etc., et al., Appellees.

No. 14931

FREDERICK M. RAMESON, Bankrupt,
Appellant,
vs.
GEORGE T. GOGGIN, as Trustee in Bankruptcy,
etc., et al., Appellees.

No. 14932

WILLIAM W. RAMESON, Bankrupt, Appellant,
vs.
GEORGE T. GOGGIN, as Trustee in Bankruptcy,
etc., et al., Appellees.

Transcript of Record

Appeals from the United States District Court for the Southern
District of California, Central Division

FILED

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INDEX

[Clerk's Note: When deemed likely to be of an important nature, errors or doubtful matters appearing in the original certified record are printed literally in italic; and, likewise, cancelled matter appearing in the original certified record is printed and cancelled herein accordingly. When possible, an omission from the text is indicated by printing in italic the two words between which the omission seems to occur.]

	PAGE
Adjudication of Bankruptcy:	
No. 55062	8
Nos. 55190-1.....	56
Answer of Bankrupt:	
No. 55062	8
Nos. 55190-1.....	57
Appeal:	
Certificate of Clerk to Transcript of Record on (55062)	46
Certificate of Clerk to Transcript of Record on (55190-1)	99
Notice of (55062).....	33
Notice of (55190)	83
Notice of (55191).....	84
Order Extending Time to File Record and Docket (USCA)	217
Order for Extension of Time for Filing Record and Docketing (55062).....	43
Order for Extension of Time for Filing Record and Docketing (55190-1).....	96
Petition for Extension of Time Within Which to File Record and Docket (USCA)	214

Appeal—(Continued)

Statement of Points on (DC-55062).....	35
Statement of Points on (DC-55190).....	86-95
Statement of Points on (DC-55191).....	86-96
Statement of Points on (Amended-USCA) ..	219
Stipulation and Order for Consolidation of (USCA)	217

Certificate of Clerk:

No. 55062	46
Nos. 55190-1.....	99

Certificate of Review:

No. 55062	30
Nos. 55190-1.....	78

Consent to Adjudication (55062).....	7
--------------------------------------	---

Docket Entries (Excerpts):

No. 55062	46
Nos. 55190-1.....	99

Findings of Fact and Conclusions of Law:

No. 55062	23
Nos. 55190-1.....	71

Memorandum:

No. 55062	32
Nos. 55190-1.....	80

Names and Addresses of Attorneys.....	1
---------------------------------------	---

Notice of Appeal:

No. 55062	33
No. 55190	83
No. 55191	84

Order Affirming Referee's Order:	
No. 55062	32
No. 55190	81
No. 55191	82
Order Approving Trustee's Bond:	
No. 55062	10
No. 55190	59
No. 55191	59
Order Denying Discharge:	
No. 55062	25
No. 55190-1	73
Order Extending Time to File Record and Docket Appeal (USCA).....	
	217
Order Fixing Time for Filing Objections to Discharge:	
No. 55062	11
Nos. 55190-1	60
Order for Extension of Time for Filing Record and Docketing Appeal:	
No. 55062	43
Nos. 55190-1	96
Order of General Reference:	
No. 55062	6
Nos. 55190-1	56
Petition and Order to Extend Time to Object to Discharge (55062):	
Filed Mar. 13, 1953.....	11
Filed May 13, 1953.....	13
Filed July 15, 1953.....	14

Petition and Order to Extend Time to Object
to Discharge (55062)—(Continued)

Filed Sept. 15, 1953.....	15
Filed Oct. 15, 1953.....	17

Petition and Order to Extend Time to Object
to Discharge (55190-1):

Filed Mar. 13, 1953.....	61
Filed May 13, 1953.....	62
Filed July 15, 1953.....	63
Filed Sept. 15, 1953.....	64
Filed Oct. 15, 1953.....	66

Petition for Extension of Time Within Which
to File Record and Docket Appeal (USCA). 214

Petition for Review of Referee's Order:

No. 55062	26
Nos. 55190-1	74

Petition of Creditor:

No. 55062	3
No. 55190	49
No. 55191	52

Specification of Objections to Discharge:

No. 55062 (George T. Goggin).....	19
No. 55062 (Sol Jarmulowsky).....	21
Nos. 55190-1 (George T. Goggin).....	68

Statement of Points on Appeal (DC):

No. 55062	35
No. 55190	86-95
No. 55191	86-96

Statement of Points on Appeal, Amended (USCA)	219
Stipulation and Order for Consolidation of Appeals (USCA)	217
Supplemental Certificate on Review:	
No. 55062	18
Nos. 55190-1	67
Transcript of 21A Examination of Frederick Rameson, William W. Rameson and Paul Taylor, Jan. 7, 1953.....	102
Witnesses:	
Rameson, Frederick Millard —direct	103
Rameson, William W. —direct	142
Taylor, Paul —direct	161
Transcript of Hearing on Objections to Dis- charge, Aug. 31, 1954.....	163
Witnesses:	
Conrad, Jack —direct	169
—cross	175
—redirect	179
—recross	182
Janken, Sidney —direct	191

Johnson, F. N. George

—direct	183
—cross	186
—redirect	188
—recross	189

Rameson, Frederick Millard

—direct	197
—cross	203

Rameson, William W.

—direct	206
—cross	207

No. 14930

United States
Court of Appeals
for the Ninth Circuit

RAMESON BROTHERS, a co-partnership, composed of William W. Rameson and Frederick M. Rameson, bankrupt, and WILLIAM W. RAMESON and FREDERICK M. RAMESON, co-partners, Appellant,
vs.

GEORGE T. GOGGIN, as Trustee in Bankruptcy of the Estate of Rameson Brothers, a co-partnership, composed of William W. Rameson and Frederick M. Rameson, Bankrupt, and SOL JARMULOWSKY, Appellees.

Transcript of Record

Appeal from the United States District Court for the Southern
District of California, Central Division

NAMES AND ADDRESSES OF ATTORNEYS

For Appellant:

PAUL TAYLOR,
DAVID SOSSON,

215 West Seventh Street,
Los Angeles 14, California,

KYLE Z. GRAINGER,
Suite 830, 354 S. Spring Street,
Los Angeles 13, California.

For Appellee George T. Goggin, etc.:

SLANE, MANTALICA & DAVIS,
LOUIS N. MANTALICA,
FRANK BARCLAY,
LEWIS C. TEEGARDEN,
257 S. Spring Street,
Los Angeles 12, California.

For Appellee Sol Jarmulowsky:

LOUIS MOST,
ROBERT N. RICHLAND,
JACK LINCOLN,
328 S. Beverly Drive,
Beverly Hills, California. [1*]

* Page numbers appearing at foot of page of original Transcript of Record.

In the District Court of the United States, Southern District of California, Central Division

In Bankruptcy—No. 55062-BH

In the Matter of RAMESON BROTHERS, a copartnership composed of William W. Rameson and Frederick M. Rameson, Alleged Bankrupt.

CREDITORS' PETITION

To the Honorable Judge of the District Court of the United States, for the Southern District of California, Central Division:

The petition of Herco Pipe & Supply Company, Inc. of West Los Angeles, a corporation, Lord-Babcock, Inc., a corporation, and Back Panel Company, a corporation, respectfully alleges:

I.

That your petitioners are informed and believe and therefore allege that Rameson Brothers is a copartnership, composed of William W. Rameson and Frederick M. Rameson.

II.

That Rameson Brothers, a copartnership composed of William W. Rameson and Frederick M. Rameson, has had its principal place of business at 1860 Franklin Avenue, Santa Monica, California, within the above judicial district for a longer period [2] of the six months immediately preceding the

filing of this petition than in any other judicial district.

III.

That Rameson Brothers, a copartnership composed of William W. Rameson and Frederick M. Rameson, owes debts in the amount of over \$1,000 and is not a wage-earner or a farmer.

IV.

That your petitioners are creditors of said Rameson Brothers, a copartnership composed of William W. Rameson and Frederick M. Rameson, having provable claims against it fixed as to liability and liquidated in amount, amounting in the aggregate in excess of the value of securities held by them, to \$500. The nature and amount of your petitioners' claims are as follows:

A. The alleged bankrupt is indebted to your petitioner, Herco Pipe & Supply Company, Inc. of West Los Angeles, for goods sold and delivered by the said Herco Pipe & Supply Company, Inc. of West Los Angeles to the alleged bankrupt; that your petitioner, Herco Pipe & Supply Company, Inc. of West Los Angeles, does not have security for its debt upon the property of the alleged bankrupt and that its securities, if any, are upon the property of persons other than the alleged bankrupt, and that the debt due said petitioner from the alleged bankrupt exceeds the amount of such securities, if any, by an amount in excess of \$500.

B. The alleged bankrupt is indebted to your petitioner, Lord-Babcock, Inc., for goods sold and

delivered by the said Lord-Babcock, Inc. to the alleged bankrupt; that your petitioner, Lord-Babcock, Inc., does not have security for its debt upon the property of the alleged bankrupt and that its securities, if any, are upon the property of persons other than the alleged bankrupt, and that the debt due said petitioner from the [3] alleged bankrupt exceeds the amount of such securities, if any, by an amount in excess of \$500.

C. The alleged bankrupt is indebted to your petitioner, Back Panel Company, in the sum of \$591.50 for goods sold and delivered by the said Back Panel Company to the alleged bankrupt.

V.

That within four months next preceding the filing of this petition, the said Rameson Brothers, a copartnership composed of William W. Rameson and Frederick M. Rameson, did, on the 30th day of September, 1952, make a general assignment for the benefit of its creditors to Building Materials Dealers' Credit Association, J. M. Dean, agent for said association.

VI.

That the law firm of Slane, Mantalica & Davis are the attorneys for your petitioners and each of them and have been duly authorized by your petitioners and each of them to sign and verify the within petition.

Wherefore, your petitioners pray that service of this petition, with a subpoena, may be made upon

said Rameson Brothers, a copartnership composed of William W. Rameson and Frederick M. Rameson, as provided in the Bankruptcy Act, and that it may be adjudged by this Court to be a bankrupt within the purview of said act.

SLANE, MANTALICA & DAVIS,

/s/ By LLOYD TEVIS.

Attorneys for Petitioning
Creditors [4]

Duly Verified. [5]

[Endorsed]: Filed October 7, 1952.

[Title of District Court and Cause No. 55062.]

ORDER OF GENERAL REFERENCE

At Los Angeles, California, in said district on the 7th day of October, 1952;

Whereas, a petition was filed in this court on the 7th day of October, 1952, against Rameson Brothers, a copartnership, alleged bankrupt above named, praying that it be adjudged a bankrupt under the Act of Congress relating to bankruptcy, and good cause now appearing therefor;

It is ordered that the above-entitled proceeding be, and it hereby is, referred to Hugh L. Dickson, Esq., one of the referees in bankruptcy of this court, to take such further proceedings therein as are required and permitted by said Act, and that the

said Rameson Brothers, a copartnership composed of William W. Rameson and Frederick M. Rameson shall henceforth attend before said referee and submit to such orders as may be made by him or by a judge of this court relating to said bankruptcy.

/s/ LEON R. YANKWICH,

District Judge

[6]

[Endorsed]: Filed October 7, 1952.

[Title of District Court and Cause No. 55062.]

CONSENT TO ADJUDICATION

The undersigned, Rameson Brothers, a copartnership composed of William W. Rameson and Frederick M. Rameson, does hereby consent to the entry of an order adjudicating it as a bankrupt.

Dated: October 14, 1952.

RAMESON BROTHERS,

/s/ By WILLIAM W. RAMESON,

Partner

/s/ By FREDERICK M. RAMESON,

Partner

Approved by:

/s/ PAUL TAYLOR,

Attorney for Bankrupt. [7]

[Endorsed]: Filed October 17, 1952.

[Title of District Court and Cause No. 55062.]

ADJUDICATION OF BANKRUPTCY

At Los Angeles, in said District, on the 16th day of October, 1952.

The petition of Herco Pipe & Supply Company, Inc. of West Los Angeles, a corporation, Lord-Babcock, Inc., a corporation, and Back Panel Company, a corporation, filed on the 7th day of October, 1952, that Rameson Brothers, a copartnership composed of William W. Rameson and Frederick M. Rameson, be adjudged a bankrupt under the Act of Congress relating to bankruptcy, and the alleged bankrupt having consented to adjudication; and there being no opposing interest;

It is adjudged that the said Rameson Brothers, a copartnership composed of William W. Rameson and Frederick M. Rameson, is a bankrupt under the Act of Congress relating to bankruptcy.

/s/ HUGH L. DICKSON,

Referee in Bankruptcy

[8]

[Endorsed]: Filed October 17, 1952.

[Title of District Court and Cause No. 55062.]

ANSWER OF BANKRUPT

Now comes Rameson Brothers, a copartnership, and answering the involuntary petition in bankruptcy filed by its certain creditors makes return and answers the said petition thus:

1. Bankrupt's place of business is 1860 Franklin

Street, Santa Monica, California, within the above judicial district.

2. Bankrupt owes debts and is willing to surrender all its property for the benefit of its creditors, except such as is exempt by law, and desires to obtain the benefit of the Act of Congress relating to bankruptcy.

3. The schedule hereto annexed, marked Schedule A, and verified by the Bankrupt's oath, contains a full and true statement of all its debts, and, so far as it is possible to ascertain, the names and places of residence of its creditors, and such further statements concerning said debts as are required by the provisions of said Act.

4. The schedule hereto annexed, marked Schedule B, and verified by the Bankrupt's oath, contains an accurate inventory of all its property, real and personal, and such further statements concerning said property as are required by the provisions of said Act.

5. The Bankrupt hereby admits all the allegations in the petition of bankruptcy hereinbefore filed by Bankrupt's creditors.

Wherefore, Bankrupt prays that it may be discharged as a Bankrupt within the purview of said Act.

RAMESON BROTHERS,

a Copartnership

/s/ By WILLIAM W. RAMESON,

Copartner

/s/ By FREDERICK M. RAMESON,

Copartner

10 *Rameson Brothers, etc., et al., vs.*

PAUL TAYLOR and DAVID SOSSON,

/s/ By PAUL TAYLOR,

Attorneys for Bankrupt [9]

Duly Verified. [10]

[Endorsed]: Filed November 20, 1952.

[Title of District Court and Cause No. 55062.]

ORDER APPROVING TRUSTEE'S BOND

At Los Angeles, in said district, on the 10 day of December, 1952.

The above named Rameson Brothers, having been duly adjudged a bankrupt on a petition filed by (or against) him on the 16th day of October, 1952; and George T. Goggin, of Los Angeles, in said district, having been duly appointed trustee of the estate of said bankrupt, and having duly qualified by giving a bond with sufficient sureties for the faithful performance of his official duties in the amount fixed by the order of this court, viz., Fifty Thousand and no/100 dollars (\$50,000.00);

It Is Ordered that the said bond be, and it hereby is, approved.

/s/ HUGH L. DICKSON,

Referee in Bankruptcy [144]

[Endorsed]: Filed December 10, 1952.

[Title of District Court and Cause No. 55062.]

ORDER FIXING TIME FOR FILING OB-
JECTIONS TO DISCHARGE

At Los Angeles, in said district, on the 3rd day of February, 1953.

It appearing that the above named bankrupt has been adjudged a bankrupt and has been duly examined at a meeting of creditors as required by the Act of Congress relating to bankruptcy;

It Is Ordered that the 17 day of March, 1953, be, and it hereby is, fixed as the last day for the filing of objections to the discharge of said bankrupt.

/s/ HUGH L. DICKSON,
Referee in Bankruptcy [145]

[Title of District Court and Cause No. 55062.]

PETITION AND ORDER TO EXTEND TIME
TO OBJECT TO DISCHARGE

To the Honorable Hugh L. Dickson, Referee in
Bankruptcy:

The verified petition of Slane, Mantalica & Davis,
by Lloyd Tevis, respectfully represents:

I.

That they are the duly appointed attorneys for the trustee in the within bankrupt estate.

II.

That they are examining into certain acts of the bankrupt relative to filing objections to their discharge, but will not have the same completed prior to the last date for filing such objections, namely, the 17th day of March, 1953.

Wherefore, your petitioners pray that the last date to file objections to the discharge of the within bankrupt be extended to and including Friday, May 15, 1953.

Dated: March 12, 1953.

SLANE, MANTALICA & DAVIS,
/s/ By LLOYD TEVIS,
Attorneys for Trustee [146]

ORDER

It Is So Ordered.

Dated: March 13, 1953.

/s/ HUGH L. DICKSON,
Referee in Bankruptcy [147]

Duly Verified. [147-A]

[Endorsed]: Filed March 13, 1953.

[Title of District Court and Cause No. 55062.]

PETITION AND ORDER TO EXTEND TIME
TO OBJECT TO DISCHARGE

To the Honorable Hugh L. Dickson, Referee in
Bankruptcy:

The verified petition of Slane, Mantalica & Davis,
by Lloyd Tevis, respectfully represents:

I.

That they are the duly appointed attorneys for
the trustee in the within bankrupt estate.

II.

That they are examining into certain acts of the
bankrupt relative to filing objections to their dis-
charge, but will not have the same completed prior
to the last date for filing such objections, namely,
the 15th day of May, 1953.

Wherefore, your petitioners pray that the last
date to file objections to the discharge of the within
bankrupt be extended to and including July 15,
1953.

Dated: May 12, 1953.

SLANE, MANTALICA & DAVIS,

/s/ By LLOYD TEVIS,

Attorneys for Trustee

[148]

ORDER

It Is So Ordered.

Dated: May 13, 1953.

/s/ HUGH L. DICKSON,
Referee in Bankruptcy [149]

Duly Verified. [149-A]

[Endorsed]: Filed May 13, 1953.

[Title of District Court and Cause No. 55062.]

PETITION AND ORDER TO EXTEND TIME
TO OBJECT TO DISCHARGE

To the Honorable Hugh L. Dickson, Referee in
Bankruptcy:

The verified petition of Slane, Mantalica & Davis,
by Lloyd Tevis, respectfully represents:

I.

That they are the duly appointed attorneys for
the trustee in the within bankrupt estate.

II.

That they are examining into certain acts of the
bankrupt relative to filing objections to their dis-
charge, but will not have the same completed prior
to the last date for filing such objections, namely,
the 15th day of July, 1953.

Wherefore, your petitioners pray that the last

date to file objections to the discharge of the within bankrupt be extended to and including September 15, 1953.

Dated: July 14, 1953.

SLANE, MANTALICA & DAVIS,
/s/ By LLOYD TEVIS,
Attorneys for Trustee [150]

ORDER

It Is So Ordered.

Dated: July 15, 1953.

/s/ HUGH L. DICKSON,
Referee in Bankruptcy [151]

Duly Verified. [151-A]

[Endorsed]: Filed July 15, 1953.

[Title of District Court and Cause No. 55062.]

PETITION AND ORDER TO EXTEND TIME TO OBJECT TO DISCHARGE

To the Honorable Hugh L. Dickson, Referee in
Bankruptcy:

The verified petition of Slane, Mantalica & Davis,
by Lloyd Tevis, respectfully represents:

I.

That they are the duly appointed attorneys for
the trustee in the within bankrupt estate.

II.

That they are examining into certain acts of the bankrupt relative to filing objections to their discharge, but will not have the same completed prior to the last date for filing such objections, namely, the 15th day of September, 1953.

Wherefore, your petitioners pray that the last date to file objections to the discharge of the within bankrupt be extended to and including October 15, 1953.

Dated: September 11, 1953.

SLANE, MANTALICA & DAVIS,

/s/ By LLOYD TEVIS,

Attorneys for Trustee

[152]

ORDER

It Is So Ordered.

Dated: September 15, 1953.

/s/ HUGH L. DICKSON,

Referee in Bankruptcy

[153]

Duly Verified. [153-A]

[Endorsed]: Filed September 15, 1953.

[Title of District Court and Cause No. 55062.]

PETITION AND ORDER TO EXTEND TIME
TO OBJECT TO DISCHARGE

To the Honorable Hugh L. Dickson, Referee in
Bankruptcy:

The verified petition of Slane, Mantalica & Davis,
by Louis N. Mantalica, respectfully represents:

I.

That they are the duly appointed attorneys for
the trustee in the within bankrupt estate.

II.

That they are examining into certain acts of the
bankrupt relative to filing objections to their dis-
charge, but will not have the same completed prior
to the last date for filing such objections, namely
the 15th day of October, 1953.

Wherefore, your petitioners pray that the last
date to file objections to the discharge of the within
bankrupt be extended to and including November
17, 1953.

Dated: October 15, 1953.

SLANE, MANTALICA & DAVIS,

/s/ By LOUIS N. MANTALICA,

Attorneys for Trustee

[154]

ORDER

It Is So Ordered.

Dated: October....., 1953.

.....,

Hugh L. Dickson, Referee in
Bankruptcy [155]

Duly Verified. [155-A]

[Endorsed]: Filed October 15, 1953.

[Title of District Court and Cause No. 55062.]

**SUPPLEMENTAL CERTIFICATE ON
REVIEW**

To the Honorable Ben Harrison, Judge of the
United States District Court for the Southern
District of California:

I, Joseph J. Rifkind, Referee in Bankruptcy, in
charge of and to whom the above entitled matter
has been referred after the death of Hugh L. Dick-
son, to whom the matter was originally referred in
compliance with the order of Honorable Ben Harri-
son, United States District Court, do hereby trans-
mit to said Honorable Ben Harrison, and do certify
this Supplemental Certificate on Review, by attach-
ing to this Certificate the following:

1. Order Approving Trustee's Bond dated Dec.
10, 1952;
2. Order Fixing Time for Filing Objections to
Discharge dated March 17, 1953;

3. Petition and Order to Extend Time to Object to Discharge filed March 13, 1953;

4. Petition and Order to Extend Time to Object to Discharge filed May 13, 1953;

5. Petition and Order to Extend Time to Object to Discharge filed July 15, 1953; [156]

6. Petition and Order to Extend Time to Object to Discharge filed September 15, 1953, and

7. Petition and Order to Extend Time to Object to Discharge filed October 15, 1953.

Dated this 28 day of October, 1955.

/s/ JOSEPH J. RIFKIND,
Referee in Bankruptcy [157]

[Endorsed]: Filed October 28, 1955.

[Title of District Court and Cause No. 55062.]

SPECIFICATION OF OBJECTIONS TO DISCHARGE

To the Honorable Hugh L. Dickson, Referee in
Bankruptcy:

George T. Goggin of Los Angeles, in the County of Los Angeles, State of California, the Trustee of the estates of the above-named bankrupts, having examined into the acts and conduct of said bankrupts and being satisfied that probable grounds exist for the denial of the discharge of said bankrupts and that the public interest so warrants, does hereby oppose the granting to said bankrupts of a dis-

charge from their debts, and specifies the following as grounds of objection:

I.

That Rameson Brothers, a copartnership composed of [158] William W. Rameson and Frederick M. Rameson, one of the above-named bankrupts, has failed to explain satisfactorily the deficiency of its assets to meet its liabilities, in that when Frederick M. Rameson, one of the copartners of the bankrupt partnership, was interrogated upon his examination in this proceeding, held on the 7th day of January, 1953, as to why the bankrupt partnership suffered serious financial losses, his answer was that he could not account for it.

That Rameson Brothers, a copartnership composed of William W. Rameson and Frederick M. Rameson, one of the above-named bankrupts, has failed to explain satisfactorily the deficiency of its assets to meet its liabilities, in that when William W. Rameson, one of the copartners of the bankrupt partnership, was interrogated upon his examination in this proceeding, held on the 7th day of January, 1953, as to why the bankrupt partnership suffered serious financial losses, his answer was that he could not account for it.

II.

That the bankrupt, Frederick M. Rameson, has failed to explain satisfactorily the deficiency of his assets to meet his liabilities, in that when he was interrogated upon his examination in this proceeding, held on the 7th day of January, 1953, as to

why he suffered serious financial losses, his answer was that he could not account for it.

III.

That the bankrupt, William W. Rameson, has failed to explain satisfactorily the deficiency of his assets to meet his liabilities, in that when he was interrogated upon his examination in this proceeding, held on the 7th day of January, 1953, as to why he suffered serious financial losses, his answer was that he [159] could not account for it.

/s/ GEORGE T. GOGGIN,

Trustee

SLANE, MANTALICA & DAVIS,

/s/ By LLOYD TEVIS,

Attorneys for Trustee

[160]

Duly Verified. [161]

[Endorsed]: Filed November 17, 1953.

[Title of District Court and Cause No. 55062.]

SPECIFICATIONS OF OBJECTIONS TO
DISCHARGE

Sol Jarmulowsky, of Los Angeles, in the County of Los Angeles, State of California, a Creditor of the above named bankrupt, having examined into the acts and conduct of said bankrupt, and being satisfied that probable grounds exist for the denial of the discharge of said bankrupt, and that the

public interest so warrants, does hereby oppose the granting to said bankrupt of a discharge from his debts, and specifies the following ground of objections:

(1) That the bankrupt did fail to keep proper records, books of account and records, from which his financial condition and business transactions might be ascertained; in that the said bankrupt caused the accounts and checks to be written up to show that the sub-contractors were paid; and checks were made out accordingly, but never mailed; the books maintained by the bankrupt were kept under the direction of the said bankrupt and entries were made purportedly to show that progress payments were being made to sub-contractors, when in truth and in fact, no such [162] progress payments were or have been made.

(2) The undersigned, creditor, upon information and belief alleges that the bankrupt did make and publish materially false statements in writing, respecting the financial condition of the bankrupt, in that said bankrupt did cause entries to be made purportedly showing that sub-contractors had been paid and progress payments had been made by the bankrupt, when in truth and in fact no such progress payments had been made to material men, sub-contractors or laborers.

/s/ SOL JARMULOWSKY,
Creditor

Duly Verified. [163]

[Endorsed]: Filed March 17, 1953.

[Title of District Court and Cause No. 55062.]

FINDINGS OF FACT AND CONCLUSIONS OF LAW

The trustee in the above entitled bankruptcy having duly filed his Specifications of Objections to Discharge with this Court based upon Section 14C(7) of the Bankruptcy Act, and Sol Jarmulowsky having duly filed his Specifications of Objections to Discharge with said Court based upon Section 14C(2) of the Bankruptcy Act, notice of the hearing whereof, was duly given the bankrupt and to said objectors; and a hearing upon the issues involved having been had before me at 2:00 o'clock p.m. on the 31st day of August, 1954, whereat I received and heard the proofs of the parties in interest, and due consideration having been had thereon, I find as

Findings of Fact

A. Trustee's Objection.

Upon reading and review of portions of the transcript of the Section 21a examination of Frederick M. Rameson and William W. Rameson, partners in the above entitled partnership, I find that they have failed to offer any explanation for the deficiency of assets of said partnership to meet its liabilities. [164]

B. Creditors' Objection.

1. Said partnership did follow and utilize the

accounting and bookkeeping practices hereinafter enumerated.

2. Said firm frequently prepared checks with which to pay creditors supplying materials in advance of their actual negotiation.

3. Said firm marked bills and invoices as paid when said checks were prepared, and not at the time of negotiation.

4. Said firm did frequently give checks to creditors in payment for materials supplied with an oral agreement between said parties not to cash said checks until further notice from Rameson Brothers.

5. Said firm marked bills and invoices as paid when said checks were given out and not when actually cashed and/or negotiated.

6. Said firm was behind in posting entries in its books of accounts or records frequently as long as two or three months.

7. The books of account or records of said firm did not truly reflect its financial condition and business transactions because bills and invoices were marked paid before actual payment and because said firm was behind in posting entries in its books of account or records; and I further find as

Conclusions of Law

A. Trustee's Objection.

1. The bankrupt has failed to explain satisfactorily the deficiency of assets of said partnership to meet its liabilities.

2. Because of this failure to explain, the application of the bankrupt for its discharge should be denied.

3. That an order to that effect should be entered.

B. Creditors' Objection.

1. That the bankrupt has failed to keep books of [165] account or records from which its financial condition and business transactions might be ascertained.

2. That the application of the bankrupt for its discharge should be denied.

3. That an order to that effect should be entered.

Dated: September 15, 1954.

/s/ HUGH L. DICKSON,

Referee in Bankruptcy [166]

Affidavit of Service by Mail attached. [167]

[Endorsed]: Filed September 15, 1954.

[Title of District Court and Cause No. 55062.]

ORDER DENYING DISCHARGE

Rameson Brothers, a copartnership composed of William W. Rameson and Frederick M. Rameson, having been duly adjudicated bankrupt in this Court, and specifications of objections to its discharge having been duly filed by George T. Goggin, trustee in the above named bankruptcy, and by Sol Jarmulowsky, notice of the hearing whereof, was

duly given to the bankrupt and to said objectors; and said hearing having been duly had thereon, and the proofs of the parties having been duly made at said hearing by Slane, Mantalica & Davis appearing as attorneys for the objecting trustee, Louis Most, Robert N. Richland and Jack Lincoln appearing as attorneys for the objecting creditor, and Paul Taylor appearing as attorney for the bankrupt; and the Court having thereupon filed its findings of fact and conclusions of law,

It Is Now Ordered that the application of the bankrupt for its discharge, be and the same is hereby denied on two distinct grounds, namely those set forth in Sections 14C(2) and 14C(7) of [168] the Bankruptcy Act.

Dated: September 15, 1954.

/s/ HUGH L. DICKSON,

Referee in Bankruptcy [169]

Affidavit of Service by Mail attached. [170]

[Endorsed]: Filed September 15, 1954.

[Title of District Court and Cause No. 55062.]

PETITION FOR REVIEW OF REFEREE'S ORDER

The Petition of Rameson Brothers, a copartnership composed of William W. Rameson and Frederick M. Rameson, respectfully shows:

That in the course of the proceedings herein on

August 31, 1954, the certain specifications of objection to your petitioner's discharge in bankruptcy, theretofore filed by George T. Goggins, Trustee in Bankruptcy, and one Sol Jarmulowsky, a creditor, came on for hearing before the Honorable Hugh L. Dickson, Referee in Bankruptcy, and following same an order was made and entered by said Referee on September 15, 1954, denying petitioner's discharge in bankruptcy;

That said order was and is erroneous in the following particulars:

1. The written specifications of objection to petitioner's discharge in bankruptcy filed by the Trustee do not set forth grounds in accordance with any of the provisions of Section 14, and more particularly Section 14c (7) of the [171] Bankruptcy Act, for a denial of petitioner's discharge;

2. The evidence adduced at the hearing in support of the Trustee's specifications of objection neither directly nor by inference reasonably established that your petitioner had failed to explain satisfactorily any losses of assets, or deficiency of assets to meet its liabilities;

3. The findings of the Referee and his order denying the discharge are unsupported by the evidence;

4. The written specifications of objection to your petitioner's discharge, of one, Sol Jarmulowsky, a creditor, were adopted on oral motion of the Trustee in the within case on August 31, 1954, as the Trustee's additional specifications of objection

to your petitioner's discharge, without the assent of said creditor or his counsel, and said specifications do not set forth any grounds in accordance with the provisions of Section 14, and more particularly Section 14c (2) of the Bankruptcy Act, warranting a denial of your petitioner's discharge;

5. The evidence adduced at the hearing on the specifications of objection of said Sol Jarmulowsky did not reasonably establish that your petitioner failed to keep books of account or records from which its financial condition and business transactions might be ascertained, rather the system of check writing referred to therein, and concerning which evidence was given, established an anticipatory manner of paying bills in consonance with its books of account and records and from which its financial condition and business transactions could most readily be ascertained.

6. The Referee at the said hearing on August 31, 1954, permitted wholly immaterial issues, concerning certain specific realty dealings of your petitioner, a bankrupt copartnership, to be introduced in evidence, despite the fact that no reference [172] thereto was contained in the specifications of objection of either the Trustee or of said creditor, and no grounds for the denial of your petitioner's discharge in bankruptcy were reasonably established thereby in accordance with any of the provisions of Section 14 of the Bankruptcy Act.

7. The comments of the Referee throughout the hearing indicate a wholly hostile attitude to-

ward your petitioner, and explain to a degree the error of his resulting order. His repeated references to what he termed 'fraud', and 'going to the public for credit', as having been committed by your petitioner, when in fact no 'fraud' nor 'going to the public for credit' was charged in the specifications of objection of either the Trustee or the objecting creditor, find no support in the evidence whatsoever. This is classically indicative of the ground upon which he in fact based his order denying your petitioner's discharge, and is contrary to the findings of fact and conclusions of law made by him herein.

Wherefore, your petitioner, Rameson Brothers, a copartnership composed of William W. Rameson and Frederick M. Rameson, being aggrieved by said order, prays that the same may be reviewed by a judge of this court, as provided by the Bankruptcy Act.

Dated: September 21, 1954.

PAUL TAYLOR and
DAVID SOSSON,

/s/ DAVID SOSSON,

Attorneys for Bankrupt [173]

Duly Verified.

Affidavit of Service by Mail attached. [174]

[Endorsed]: Filed September 22, 1954.

[Title of District Court and Cause No. 55062.]

CERTIFICATE OF REVIEW

To the Honorable Ben Harrison, Judge of the
United States District Court for the Southern
District of California, Central Division:

I, Hugh L. Dickson, the Referee in Bankruptcy
in charge of these proceedings, do hereby certify:

1. That in the course of such proceedings an order
was made by me, a copy thereof is hereto annexed.
This order was entered on the 15th day of September,
1954.

2. That Rameson Brothers, the petitioner herein,
feeling aggrieved thereby, filed its petition to re-
view the said order on the 23rd day of September,
1954.

3. The question presented for review is as fol-
lows:

Upon the 17th day of November, 1953, the trustee
in bankruptcy, George T. Goggin, through his at-
torneys, [175] Slane, Mantalica & Davis, filed his
Specification of Objections to Discharge, and pre-
viously thereto, on the 17th day of March, 1953, Sol
Jarmulowsky, through his attorneys, Most, Rich-
land & Lincoln, had filed his Specification of Objec-
tions to Discharge. These matters came on for hear-
ing at 2:00 o'clock p.m. on the 30th day of August,
1954, whereat the bankrupt was represented by
Paul Taylor and David Sosson, its attorneys.

The objectors claimed that the bankrupt had

failed to keep adequate books, records and accounts, and to satisfactorily explain the deficiency of assets to meet its liabilities. The bankrupt contended, however, that it had committed no acts upon which a denial of discharge could be maintained. After a hearing, upon which oral and documentary evidence was submitted and considered, I made findings of fact and conclusions of law, and thereupon denied petitioner's discharge.

4. Transmitted herewith are:

- (a) A copy of the order sought to be reviewed;
- (b) The Specifications of Objections to Discharge, filed March 17 and November 17, 1953;
- (c) A transcript of the evidence taken upon the hearing;
- (d) A transcript of the Section 21-A, examination of the partners constituting Rameson Brothers;
- (e) My findings of fact and conclusions of law;
- (f) The petition for review.

Dated: September 27, 1954.

/s/ HUGH L. DICKSON,

Referee in Bankruptcy [177]

[Endorsed]: Filed October 6, 1954.

[Title of District Court and Cause No. 55062.]

MEMORANDUM

The order of the Referee denying the above named bankrupt a discharge is hereby affirmed.

The Trustee is directed to submit to appropriate order of affirmance.

Dated: This 14th day of June, 1955.

/s/ BEN HARRISON,

[Endorsed]: Filed June 17, 1955.

In the District Court of the United States, Southern
District of California, Central Division

In Bankruptcy—No. 55062-BH

In the Matter of RAMESON BROTHERS, a co-
partnership composed of WILLIAM W.
RAMESON and FREDERICK M. RAME-
SON, Bankrupt.

ORDER AFFIRMING REFEREE'S ORDER

At Los Angeles, California, in said district, the
14th day of June, 1955.

Rameson Brothers, a copartnership composed of
William W. Rameson and Frederick M. Rameson,
having petitioned this court for an order to review
and reverse the order of the Referee herein, en-
tered on the 15th day of September, 1954, denying
petitioners' discharge in bankruptcy, and said peti-

tion upon review having thereupon come on to be heard before this court, whereat petitioners appeared by Paul Taylor and David Sosson, by Paul Taylor, their attorneys, in support thereof and the Trustee appeared by Slane, Mantalica & Davis, by Lewis C. Teegarden, his attorneys, in opposition thereto,

Now, upon due consideration, it is

Ordered that the order of the Referee entered on the 15th day of September, 1954, be and the same is hereby [179] approved and affirmed.

/s/ BEN HARRISON,
Judge

Acknowledgment of Service attached. [180]

[Endorsed]: Lodged July 6, 1955. Filed July 13, 1955. Entered July 14, 1955.

[Title of District Court and Cause No. 55062.]

NOTICE OF APPEAL

To the Honorable Ben Harrison, United States District Judge; to George T. Goggin, as Trustee in Bankruptcy of the Estate of the above named Bankrupt and to Slane, Mantalica & Davis, 257 South Spring Street, Los Angeles, California, his attorneys of Record; To Sol Jarmulowsky, and to Louis Most, Robert N. Richland and Jack Lincoln, 328 South Beverly Drive, Beverly Hills, California, his

attorneys of record, and to John Childress, Clerk of the above entitled Court:

You and each of you will please take notice and notice is hereby given that Rameson Brothers, a copartnership, composed of William E. Rameson and Frederick M. Rameson, Bankrupt, and William E. Rameson and Frederick M. Rameson copartners, and each of them, hereby appeal to the United States Court of Appeals for the Ninth Circuit from that Order, Final Judgment and Decree and the whole thereof filed, docketed and entered in the above entitled matter on the 15th day of July, 1955, in the files and records of the above entitled Court, and which said Order decreed that the Order of the [181] Referee entered on the 15th day of September, 1954, denying the above named bankrupt a discharge be approved and confirmed.

You and each of you will please take further notice that said Rameson Brothers, a copartnership, composed of William E. Rameson and Frederick M. Rameson, Bankrupt, and William E. Rameson and Frederick M. Rameson, copartners, and each of them, likewise hereby appeal to the United States Court of Appeals for the Ninth Circuit from that order, Judgment and Decree dated the 14th day of June, 1955, and the whole thereof, and which said order was on the 17th day of June, 1955, filed, docketed and entered in the files and records of the above entitled Court, and which said Order decreed that the Order of the Referee entered on the 15th day of September, 1954, denying the above named

bankrupt a discharge be approved and confirmed.

Dated this 15 day of July, 1955.

/s/ PAUL TAYLOR and

DAVID SOSSON,

/s/ By PAUL TAYLOR,

/s/ KYLE Z. GRAINGER,

Attorneys for Bankrupt and

Appellant

[182]

[Endorsed]: Filed July 15, 1955.

[Title of District Court and Cause No. 55062.]

STATEMENT OF POINTS UPON WHICH AP-
PELLANTS WILL RELY UPON APPEAL

Filed July 15, 1955, from Order, Final Judgment and Decree filed, docketed and entered on the 15th day of July, 1955, and from Order, Judgment and Decree dated June 15, 1955, filed, docketed and entered the 17th day of June, 1955.

Pursuant to Rule 75 D of Rules of Civil Procedure appellants make the following concise statement of points upon which they intend to rely upon this appeal.

I.

The Order, Judgment and Decree of the Court docketed and entered in the above entitled matter on the 15th day of July, 1955, in the files and records of the above entitled court, and which said

Order decreed that the Order of the Referee, entered on the 15th day of September, 1954, denying the above named bankrupt a discharge be approved and affirmed, is erroneous, in that it approved and affirmed an Order denying the bankrupt a discharge, though the evidence was insufficient to establish that said discharge should be denied, but on the contrary established that the discharge should have been granted.

II.

The Order, Judgment and Decree dated the 14th day of June, 1955 and filed, entered and docketed in the files and records of the above entitled court on June 17, 1955, affirming the Order of the [183] Referee entered on the 15th day of September, 1954, denying the above named bankrupt a discharge, is erroneous, in that the evidence is insufficient to establish that said discharge should be denied, but on the contrary established that the discharge should have been granted.

III.

That said Order, Judgment and Decree of the Court docketed and entered in the above entitled matter on the 15th day of July, 1955, in the files and records of the above entitled court, and which said Order decreed that the Order of the Referee, entered on the 15th day of September, 1954, denying the above named bankrupt a discharge be approved and affirmed, is erroneous, in that the Judge

neither made or filed any Findings of Fact or Conclusions of Law upon which to base said Order.

IV.

The Order, Judgment and Decree dated the 14th day of June, 1955, and filed, entered and docketed on June 17, 1955, as aforesaid, confirming the Order of the Referee entered on the 15th day of September, 1954, denying the above named bankrupt a discharge is erroneous, in that the Judge neither made or filed any Findings of Fact and Conclusions of Law upon which to base said Order.

V.

The Order, Judgment and Decree of the Court, docketed and entered in the above entitled matter on the 15th day of July, 1955, in the files and records of the above entitled court, and which said Order decreed that the Order of the Referee entered on the 15th day of September, 1954, denying the above named bankrupt a discharge be approved and affirmed, is erroneous, in that if it be assumed that by implication the Findings of Fact and Conclusions of Law of the Referee were adopted, evidence was not sufficient to support said Findings of Fact and Conclusions of Law. [184]

VI.

The Order, Judgment and Decree dated the 14th day of June, 1955, and filed, entered and docketed on June 17, 1955, as aforesaid affirming and ap-

proving the Order of the Referee entered on the 15th day of September, 1954, denying the above named bankrupt a discharge is erroneous, in that if it be assumed that by implication Findings of Fact and Conclusions of Law of the Referee were adopted, evidence was not sufficient to support said Findings of Fact and Conclusions of Law.

VII.

The Order, Judgment and Decree of the Court docketed and entered in the above entitled matter on the 15th day of July, 1955, in the files and records of the above entitled court, and which said Order decreed that the Order of the Referee, entered on the 15th day of September, 1954, denying the above named bankrupt a discharge be approved and affirmed, is erroneous, in that the Order of the Referee was erroneous in that the evidence was insufficient to support an Order denying the discharge, and such Order was based on erroneous Findings and Conclusions of Law, and such Order should have granted a discharge.

VIII.

The Order, Judgment and Decree dated the 14th day of June, 1955 and filed, entered and docketed on June 17, 1955 as aforesaid, affirming the Order of the Referee entered on the 15th day of September, 1954, denying the above named bankrupt a discharge, and which Order was on the 17th day of June, 1955, filed, docketed and entered in the files

and records of the above entitled court, is erroneous, in that the evidence was insufficient to support an Order denying discharge and such Order was based on erroneous Findings and Conclusions of Law, and such Order should have granted a discharge. [185]

IX.

The Order, Judgment and Decree of the Court docketed and entered in the above entitled matter on the 15th day of July, 1955 in the files and records of the above entitled court, and which said Order decreed that the Order of the Referee entered on the 15th day of September, 1954, denying the above named bankrupt a discharge was erroneous, in that during the course of the hearing before the Referee, the Trustee on August 31, 1954, purportedly did adopt Specifications of Objections heretofore filed by Sol Jarmulowsky, which specifications were not set forth in the specifications filed by the Trustee and constituted new, different and distinct grounds of opposition to the discharge, though the time for filing specifications had long since expired, to wit, on October 15, 1953.

X.

The Order, Judgment and Decree of the Court docketed and entered in the above entitled matter on the 15th day of July, 1955 in the files and records of the above entitled court, and which said Order decreed that the Order of the Referee entered on the 15th day of September, 1954, denying the above named bankrupt a discharge, is erroneous

in that the written Specifications of Objection to bankrupt's discharge in bankruptcy filed by the Trustee do not set forth grounds in accordance with any of the provisions of Section 14, and more particularly Section 14c (7) of the Bankruptcy Act, for a denial of petitioner's discharge.

XI.

The Order, Judgment and Decree dated the 14th day of June, 1955 and filed, entered and docketed on June 17, 1955, as aforesaid, affirming and approving the Order of the Referee entered on the 15th day of September, 1954, denying the above named bankrupt a discharge be approved and affirmed, is erroneous, in that neither the written Specifications of Objection to bankrupt's discharge in bankruptcy filed by the Trustee, nor the written Specifications of Objection [186] filed by Sol Jar-mulowsky set forth grounds in accordance with any of the provisions of Section 14, and more particularly Section 14c (7) of the Bankruptcy Act, for a denial of petitioner's discharge.

XII.

The Order, Judgment and Decree of the Court docketed and entered in the above entitled matter on the 15th day of July, 1955 in the files and records of the above entitled court, and which said Order decreed that the Order of the Referee entered on the 15th day of September, 1954, denying the above named bankrupt a discharge is erroneous,

in that the Referee at the hearing on August 31, 1954, permitted wholly immaterial issues, concerning certain specific realty dealings of said Rameson Brothers, the bankrupt copartnership, to be introduced as evidence, despite the fact that no reference thereto was contained in the Specifications of Objection and no grounds for denial of the bankrupt's discharge in bankruptcy were reasonably established thereby in accordance with any of the provisions of Section 14 of the Bankruptcy Act.

XIII.

The Order, Judgment and Decree dated the 14th day of June, 1955 and filed, entered and docketed on the 17th day of June, 1955 as aforesaid, affirming and approving the Order of the Referee entered on the 15th day of September, 1954, denying the above named bankrupt a discharge be approved and affirmed is erroneous, in that the Referee at the hearing on August 31, 1954, permitted wholly immaterial issues concerning certain specific realty dealings of said Rameson Brothers, the bankrupt copartnership, to be introduced as evidence, despite the fact that no reference thereto was contained in the specifications of objection and no grounds for denial of bankrupt's discharge in bankruptcy were reasonably established thereby in accordance with any of the provisions of Section 14 of the Bankruptcy Act. [187]

XIV.

The Order, Judgment and Decree of the Court

docketed and entered in the above entitled matter on the 15th day of July, 1955, in the files and records of the above entitled court, and which said Order decreed that the Order of the Referee entered on the 15th day of September, 1954 denying the above named bankrupt a discharge is erroneous, in that the Specifications of Objection to discharge filed by the Trustee were filed after the time had expired when Specifications of Objection to discharge could be filed under the Order of the Court.

XV.

The Order, Judgment and Decree dated the 14th day of June, 1955 and filed, docketed and entered on June 17, 1955 as aforesaid, affirming and approving the Order of the referee entered on the 15th day of September, 1954, denying the above named bankrupt a discharge be approved and affirmed is erroneous, in that the Specifications of Objection to discharge filed by the Trustee were filed after the time had expired when Specifications of Objection to discharge could be filed under the Order of the Court.

Respectfully submitted,

/s/ PAUL TAYLOR and
DAVID SOSSON,

/s/ By PAUL TAYLOR,
/s/ KYLE Z. GRAINGER,

Attorneys for Appellants [188]

Acknowledgment of Service attached. [189]

[Endorsed]: Filed September 9, 1955.

[Title of District Court and Cause No. 55062.]

ORDER FOR EXTENSION OF TIME FOR
FILING RECORD ON APPEAL AND DOC-
KETING THE APPEAL

It appearing to the Court that Rameson Brothers, a copartnership, composed of William W. Rameson and Frederick M. Rameson, bankrupt, and William W. Rameson and Frederick M. Rameson, copartners, are appellants in an appeal filed on the 15th day of July, 1955, from Order, Final Judgment and Decree and the whole thereof filed, docketed and entered in proceeding No. 55062-BH on the 15th day of July, 1955, and from Order, Judgment and Decree and the whole thereof dated the 14th day of June, 1955, which said Order was on the 17th day of June, 1955, filed, docketed and entered in the files and records of the above entitled court.

And it further appearing that Frederick M. Rameson, bankrupt, filed on the 15th day of July, 1955, in proceeding No. 55190-BH, in this Court in the Matter of Frederick M. Rameson, bankrupt, an appeal from Order, Final Judgment and Decree and the whole thereof filed, docketed and entered in said proceeding No. 55190-BH on the 15th day of July, 1955, and from Order, Judgment and Decree and the whole thereof, dated the 14th day of June, 1955, which said Order [195] was on the 17th day of June 1955, filed, docketed and entered in the files and records in the above entitled court in said proceeding No. 55190-BH.

And it further appearing that William W. Rameson, bankrupt, filed on the 15th day of July, 1955, in proceeding No. 55191-BH in this Court in the Matter of William W. Rameson, bankrupt, an appeal from Order, Final Judgment and Decree and the whole thereof filed, docketed and entered in said proceeding No. 55191-BH on the 15th day of July, 1955, and from Order, Judgment and Decree and the whole thereof dated the 14th day of June, 1955, which said Order was on the 17th day of June, 1955, filed, docketed and entered in the files and records in the above entitled court in proceeding No. 55191-BH.

And it further appearing that the evidence presented and the record on appeal in all of said appeals will be substantially the same and that by cooperation of counsel in the preparation of said record on appeal and the printing thereof, considerable time of the reviewing court, and considerable expense can be saved, and time should be accorded to accomplish such purpose.

And it further appearing to the Court that due to vacation periods, it will be extremely difficult for the clerk of this court to prepare Records on Appeals and his certification thereof in said proceedings and likewise for the attorneys in the case to arrange for proper records on appeal without an extension of time for filing and docketing same in the Appellate Court.

Now Therefore, good cause appearing therefor and on motion of counsel for the appellants,

It Is Ordered that the time within which the Record on Appeal in these proceedings may be filed and the appeal docketed with the Appellate Court in said appeal filed on July 15, 1955, is hereby extended to and including the 7th day of October, 1955.

Dated this 8th day of August, 1955.

/s/ BEN HARRISON,
Judge of the U. S. District Court

We hereby request and consent to the making of the foregoing Order Extending Time.

Dated: August 8, 1955.

/s/ PAUL TAYLOR,
/s/ DAVID SOSSON,
/s/ By KYLE Z. GRAINGER,
Attorneys for Appellants

/s/ SLANE, MANTALICA & DAVIS,
/s/ By LOUIS N. MANTALICA,
Attorneys for Trustee and Appellee

/s/ LOUIS MOST, ROBERT N. RICH-
LAND and JACK LINCOLN,
/s/ By LOUIS MOST,
Attorneys for Sol Jarmulowsky,
Appellee [197]

[Endorsed]: Filed August 8, 1955.

[Title of District Court and Cause No. 55062.]

DOCKET ENTRIES

* * * * *

1955

June 17—Filed memorandum affirm. the order of the Referee denying bkt. a discharge. Trustee to submit appropriate order of affirmation. Mld. copy memorandum to counsel. Copy to Referee Calverley.

* * * * *

July 15—Dktd. and Ent. 7/14/55, ord. affirm. ord. of Ref. ent. 9/15/54, deny petnr. disch. hrtfore fld. 7/13/55. Not. attys.

* * * * *

[Title of District Court and Cause No. 55062.]

CERTIFICATE OF CLERK

I, John A. Childress, Clerk of the United States District Court for the Southern District of California, do hereby certify that the foregoing pages numbered from 1 to 199, inclusive contain the originals of:

Creditors' Petition;

Order of General Reference;

Consent to Adjudication;

Adjudication of Bankruptcy;

Answer of Bankrupt;

Order Approving Trustee's Bond;

Order Fixing Time for Filing Objections to Discharge;

Petition and Order to Extend Time to Object to Discharge; filed March 13, 1953;

Petition and Order to Extend Time to Object to Discharge, filed May 13, 1953;

Petition and Order to Extend Time to Object to Discharge, filed July 15, 1953;

Petition and Order to Extend Time to Object to Discharge, filed Sept. 15, 1953;

Petition and Order to Extend Time to Object to Discharge, filed Oct. 15, 1953;

Supplemental Certificate on Review;

Specification of Objections to Discharge, Trustee's;

Specifications of Objections to Discharge, Sol Jarmulowsky's;

Findings of Fact and Conclusions of Law;

Order Denying Discharge;

Petition for Review of Referee's Order;

Certificate of Review;

Memorandum;

Order Affirming Referee's Order;

Notice of Appeal;

Statement of Points Upon Which Appellants Will Rely Upon Appeal, etc.;

Designation of Portions of the Record, Proceedings and Evidence to be Contained in the Record on Appeal; and

Order for Extension of Time for Filing Record

on Appeal and Docketing the Appeal and a full, true and correct copy of the Docket Entries which, together with Reporter's Transcript of 21-A Examination of Frederick Rameson, William Rameson and Paul Taylor held on January 7, 1953 and Reporter's Transcript of Hearing on Objections to Discharge held on August 31, 1954, transmitted herewith, constitute the transcript of record on appeal to the United States Court of Appeals for the Ninth Circuit.

I further certify that my fees for preparing and certifying the foregoing record amount to \$2.10 which sum has been paid to me by appellant.

Witness my hand and the seal of said District Court this day of November, A.D. 1955.

JOHN A. CHILDRESS,
Clerk

Nos. 14931-32

United States
Court of Appeals
for the Ninth Circuit

No. 14931

FREDERICK M. RAMESON, Bankrupt,
Appellant,
vs.

GEORGE T. GOGGIN, as Trustee in Bankruptcy
of the Estate of Frederick M. Rameson, Bank-
rupt, and SOL JARMULOWSKY,
Appellees.

No. 14932

WILLIAM W. RAMESON, Bankrupt,
Appellant,
vs.

GEORGE T. GOGGIN, as Trustee in Bankruptcy
of the Estate of William W. Rameson, Bank-
rupt, and SOL JARMULOWSKY,
Appellees.

Transcript of Record

Appeals from the United States District Court for the Southern
District of California, Central Division

In the District Court of the United States, Southern District of California, Central Division

In Bankruptcy—No. 55190-BH

In the Matter of FREDERICK M. RAMESON,
Alleged Bankrupt.

In Bankruptcy—No. 55191-BH

CREDITORS' PETITION

To the Honorable Judge of the District Court of the United States, for the Southern District of California, Central Division:

The petition of Herco Pipe & Supply Company, Inc. of West Los Angeles, a corporation, Lord-Babcock, Inc., a corporation, and Back Panel Company, a corporation, respectfully alleges:

I.

That Frederick M. Rameson has resided within the above judicial district for a longer period of the six months immediately preceding the filing of this petition than in any other judicial district.

II.

That Frederick M. Rameson owes debts in the amount of over \$1,000 and is not a wage earner or farmer.

III.

That your petitioners are creditors of said Fred-

erick M. [2] Rameson in that they are creditors of Rameson Brothers, a copartnership composed of William W. Rameson and Frederick M. Rameson; that your petitioners have provable claims against said Frederick M. Rameson, fixed as to liability and liquidated in amount, amounting in the aggregate in excess of the value of securities held by them, to \$500. The nature and amount of your petitioners' claims are as follows:

A. The alleged bankrupt is indebted to your petitioner, Herco Pipe & Supply Company, Inc. of West Los Angeles, for goods sold and delivered by the said Herco Pipe & Supply Company, Inc. of West Los Angeles to Rameson Brothers, a copartnership composed of William W. Rameson and the said Frederick M. Rameson; that your petitioner, Herco Pipe & Supply Company, Inc. of West Los Angeles, does not have security for its debt upon the property of the alleged bankrupt and that its securities, if any, are upon the property of persons other than the alleged bankrupt, and that the debt due said petitioner from the alleged bankrupt exceeds the amount of such securities, if any, by an amount in excess of \$500.

B. The alleged bankrupt is indebted to your petitioner, Lord-Babcock, Inc., for goods sold and delivered by the said Lord-Babcock, Inc. to Rameson Brothers, a copartnership composed of William W. Rameson and the said Frederick M. Rameson; that your petitioner, Lord-Babcock, Inc. does not have security for its debt upon the property of the al-

leged bankrupt and that its securities, if any, are upon the property of persons other than the alleged bankrupt, and that the debt due said petitioner from the alleged bankrupt exceeds the amount of such securities, if any, by an amount in excess of \$500.

C. The alleged bankrupt is indebted to your petitioner, Back Panel Company, in the sum of \$591.50 for goods sold and delivered by the said Back Panel Company to Rameson Brothers, [3] a copartnership composed of William W. Rameson and the said Frederick M. Rameson.

IV.

That within four months next preceding the filing of this petition, the said Frederick M. Rameson did, on the 30th day of September, 1952, make a general assignment for the benefit of his creditors to Building Materials Dealers' Credit Association, J. M. Dean, agent for said association.

V.

That the law firm of Slane, Mantalica & Davis are the attorneys for your petitioners and each of them and have been duly authorized by your petitioners and each of them to sign and verify the within petition.

Wherefore, your petitioners pray that service of this petition, with a subpoena, may be made upon the said Frederick M. Rameson, as provided in the Bankruptcy Act, and that he may be adjudged by

this Court to be a bankrupt within the purview of said act.

SLANE, MANTALICA & DAVIS,

/s/ By LLOYD TEVIS,

Attorneys for Petitioning Creditors

Duly Verified. [4]

[Endorsed]: Filed October 23, 1952.

In the District Court of the United States, Southern District of California, Central Division

In Bankruptcy—No. 55191-BH

In the Matter of WILLIAM W. RAMESON, Alleged Bankrupt.

CREDITORS' PETITION

To the Honorable Judge of the District Court of the United States, for the Southern District of California, Central Division:

The petition of Herco Pipe & Supply Company, Inc. of West Los Angeles, a corporation, Lord-Babcock, Inc., a corporation, and Back Panel Company, a corporation, respectfully alleges:

I.

That William W. Rameson has resided within the above judicial district for a longer period of the six months immediately preceding the filing of this petition than in any other judicial district.

II.

That William W. Rameson owes debts in the amount of over \$1,000 and is not a wage earner or farmer.

III.

That your petitioners are creditors of said William W. [2] Rameson in that they are creditors of Rameson Brothers, a copartnership composed of William W. Rameson and Frederick M. Rameson; that your petitioners have provable claims against said William W. Rameson, fixed as to liability and liquidated in amount, amounting in the aggregate in excess of the value of securities held by them, to \$500. The nature and amount of your petitioners' claims are as follows:

A. The alleged bankrupt is indebted to your petitioner, Herco Pipe & Supply Company, Inc. of West Los Angeles, for goods sold and delivered by the said Herco Pipe & Supply Company, Inc. of West Los Angeles to Rameson Brothers, a copartnership composed of the said William W. Rameson and Frederick M. Rameson; that your petitioner, Herco Pipe & Supply Company, Inc. of West Los Angeles, does not have security for its debt on the property of the alleged bankrupt except under a claim of mechanic's lien in the amount of \$96.72 upon Lot 7, Tract 14796, as per map recorded in Book 320, pages 1-3 of Maps, Records of Los Angeles County, commonly known as 14636 Hilltree Road, Los Angeles, California, standing of record in the name of William W. Rameson and Mary

Anita Rameson; that your petitioner, Herco Pipe & Supply Company, Inc. of West Los Angeles, has no other security for its debt upon the property of the alleged bankrupt, other than as aforesaid, and that its securities, if any, are upon the property of persons other than the alleged bankrupt, and that the debt due said petitioner from the alleged bankrupt exceeds the amount of such securities, if any, by an amount in excess of \$500.

B. The alleged bankrupt is indebted to your petitioner, Lord-Babcock, Inc., for goods sold and delivered by the said Lord-Babcock, Inc. to Rameson Brothers, a copartnership composed of the said William W. Rameson and Frederick M. Rameson; that your petitioner, Lord-Babcock, Inc., does not have security for its debt on the property of the alleged bankrupt, except under [3] a claim of mechanic's lien in the amount of \$1253.32 upon Lot 7, Tract 14796, as per map recorded in Book 320, pages 1-3 of Maps, Records of Los Angeles County, commonly known as 14636 Hilltree Road, Los Angeles, California, standing of record in the name of William W. Rameson and Mary Anita Rameson; that your petitioner, Lord-Babcock, Inc., has no other security for its debt upon the property of the alleged bankrupt, other than as aforesaid, and that its securities, if any, are upon the property of persons other than the alleged bankrupt, and **that the** debt due said petitioner from the alleged bankrupt exceeds the amount of such securities, if any, by an amount in excess of \$500.

C. The alleged bankrupt is indebted to your peti-

tioner, Back Panel Company, in the sum of \$591.50 for goods sold and delivered by the said Back Panel Company to Rameson Brothers, a copartnership composed of the said William W. Rameson and Frederick M. Rameson.

IV.

That within four months next preceding the filing of this petition, the said William W. Rameson did, on the 30th day of September, 1952, make a general assignment for the benefit of his creditors to Building Materials Dealers' Credit Association, J. M. Dean, agent for said association.

V.

That the law firm of Slane, Mantalica & Davis are the attorneys for your petitioners and each of them and have been duly authorized by your petitioners and each of them to sign and verify the within petition.

Wherefore, your petitioners pray that service of this petition, with a subpoena, may be made upon the said William W. Rameson, as provided in the Bankruptcy Act, and that he may be [4] adjudged by this Court to be a bankrupt within the purview of said act.

SLANE, MANTALICA & DAVIS,

/s/ By LLOYD TEVIS,

Attorneys for Petitioning Creditors

Duly Verified. [5]

[Endorsed]: Filed October 23, 1952.

[Title of District Court and Causes 55190-55191.]

ORDER OF GENERAL REFERENCE

At Los Angeles, California, in said district on the 23rd day of October, 1952.

Whereas, a petition was filed in this court on the 23rd day of October, 1952, against Frederick M. Rameson, alleged bankrupt above named, praying that he be adjudged a bankrupt under the Act of Congress relating to bankruptcy, and good cause now appearing therefor;

It is ordered that the above-entitled proceeding be, and it hereby is, referred to Hugh L. Dickson, Esq., one of the referees in bankruptcy of this court, to take such further proceedings therein as are required and permitted by said Act, and that the said Frederick W. Rameson shall henceforth attend before said referee and submit to such orders as may be made by him or by a judge of this court relating to said bankruptcy.

/s/ LEON R. YANKWICH,

District Judge

[5]

[Endorsed]: Filed October 23, 1952.

[Title of District Court and Causes 55190-55191.]

ADJUDICATION OF BANKRUPTCY

At Los Angeles, in said District, on the 31st day of October, 1952.

The petition of Herco Pipe & Supply Company, Inc. of West Los Angeles, a corporation, Lord-Bab-

cock, Inc., a corporation, and Back Panel Company, a corporation, filed on the 23rd day of October, 1952, that Frederick W. Rameson be adjudged a bankrupt under the Act of Congress relating to bankruptcy, and the alleged bankrupt having consented to adjudication; and there being no opposing interest;

It is adjudged that the said Frederick W. Rameson is a bankrupt under the Act of Congress relating to bankruptcy.

/s/ HUGH L. DICKSON,
Referee in Bankruptcy [6]

[Endorsed]: Filed November 3, 1952.

[Title of District Court and Causes 55190-55191.]

ANSWER OF BANKRUPT

Now comes Frederick M. Rameson, and answering the involuntary petition in bankruptcy filed by his certain creditors makes return and answers the said petition thus:

1. Bankrupt's place of residence is 239 South Orange Drive, Los Angeles, California, within the above judicial district.

2. Bankrupt owes debts and is willing to surrender all its property for the benefit of his creditors, except such as is exempt by law, and desires to obtain the benefit of the Act of Congress relating to bankruptcy.

3. The schedule hereto annexed, marked Sched-

ule A, and verified by the Bankrupt's oath, contains a full and true statement of all his debts, and, so far as it is possible to ascertain, the names and places of residence of his creditors, and such further statements concerning said debts as are required by the provisions of said Act.

4. The schedule hereto annexed, marked Schedule B, and verified by the Bankrupt's oath, contains an accurate inventory of all his property, real and personal, and such further statements concerning said property as are required by the provisions of said Act.

5. The Bankrupt hereby admits all the allegations in the petition of bankruptcy hereinbefore filed by Bankrupt's creditors.

Wherefore, Bankrupt prays that he may be discharged as a Bankrupt within the purview of said Act.

/s/ FREDERICK M. RAMESON,
Bankrupt

PAUL TAYLOR and
DAVID SOSSON,

/s/ By PAUL TAYLOR,

Attorneys for Bankrupt [7]

Duly Verified. [8]

[Endorsed]: Filed November 26, 1952.

[Title of District Court and Cause No. 55190.]

ORDER APPROVING TRUSTEE'S BOND

At Los Angeles, in said district, on the 10th day of December, 1952.

The above named Frederick M. Rameson, having been duly adjudged a bankrupt on a petition filed by (or against) him on the 31st day of October, 1952; and George T. Goggin, of Los Angeles, in said district, having been duly appointed trustee of the estate of said bankrupt, and having duly qualified by giving a bond with sufficient sureties for the faithful performance of his official duties in the amount fixed by the order of this court, viz., One Hundred and No/100 Dollars (\$100.00);

It Is Ordered that the said bond be, and it hereby is, approved.

/s/HUGH L. DICKSON,

Referee in Bankruptcy [142]

[Endorsed]: Filed December 11, 1952.

[Title of District Court and Cause No. 55191.]

ORDER APPROVING TRUSTEE'S BOND

At Los Angeles, in said district, on the 10th day of December, 1952.

The above named William W. Rameson, having been duly adjudged a bankrupt on a petition filed by (or against) him on the 31st day of October, 1952; and George T. Goggin, of Los Angeles, in said

district, having been duly appointed trustee of the estate of said bankrupt, and having duly qualified by giving a bond with sufficient sureties for the faithful performance of his official duties in the amount fixed by the order of this court, viz., Twenty-five Hundred and no/100 Dollars (\$2,500.00).

It Is Ordered that the said bond be, and it hereby is, approved.

/s/ HUGH L. DICKSON,
Referee in Bankruptcy [147]

[Endorsed]: Filed December 10, 1952.

[Title of District Court and Causes 55190-55191.]

ORDER FIXING TIME FOR FILING OBJECTIONS TO DISCHARGE

At Los Angeles, in said district, on the 3rd day of February, 1953.

It appearing that the above named bankrupt has been duly adjudged a bankrupt and has been duly examined at a meeting of creditors as required by the Act of Congress relating to bankruptcy;

It Is Ordered that the 17th day of March, 1953, be, and it hereby is, fixed as the last day for the filing of objections to the discharge of said bankrupt.

/s/ HUGH L. DICKSON,
Referee in Bankruptcy [143]

[Title of District Court and Causes 55190-55191.]

PETITION AND ORDER TO EXTEND TIME
TO OBJECT TO DISCHARGE

To the Honorable Hugh L. Dickson, Referee in
Bankruptcy:

The verified petition of Slane, Mantalica & Davis,
by Lloyd Tevis, respectfully represents:

I.

That they are the duly appointed attorneys for
the trustee in the within bankrupt estate.

II.

That they are examining into certain acts of the
bankrupt relative to filing objections to his dis-
charge, but will not have the same completed prior
to the last date for filing such objections, namely,
the 17th day of March, 1953.

Wherefore, your petitioners pray that the last
date to file objections to the discharge of the within
bankrupt be extended to and including Friday, May
15, 1953.

Dated: March 12, 1953.

SLANE, MANTALICA & DAVIS,

/s/ By LLOYD TEVIS,

Attorneys for Trustee

[144]

ORDER

It Is So Ordered.

Dated: March 13, 1953.

/s/ HUGH L. DICKSON,
Referee in Bankruptcy [145]

Duly Verified. [146]

[Endorsed]: Filed March 13, 1953.

[Title of District Court and Causes 55190-55191.]

PETITION AND ORDER TO EXTEND TIME
TO OBJECT TO DISCHARGE

To the Honorable Hugh L. Dickson, Referee in
Bankruptcy:

The verified petition of Slane, Mantalica & Davis,
by Lloyd Tevis, respectfully represents:

I.

That they are the duly appointed attorneys for
the trustee in the within bankrupt estate.

II.

That they are examining into certain acts of the
bankrupt relative to filing objections to their dis-
charge, but will not have the same completed prior
to the last date for filing such objections, namely,
the 15th day of May, 1953.

Wherefore, your petitioners pray that the last
date to file objections to the discharge of the within

bankrupt be extended to and including July 15, 1953.

Dated: May 12, 1953.

SLANE, MANTALICA & DAVIS,
/s/ By LLOYD TEVIS,
Attorneys for Trustee [147]

ORDER

It Is So Ordered.

Dated: May 13, 1953.

/s/ HUGH L. DICKSON,
Referee in Bankruptcy [148]

Duly Verified. [149]

[Endorsed]: Filed May 13, 1953.

[Title of District Court and Causes 55190-55191.]

PETITION AND ORDER TO EXTEND TIME TO OBJECT TO DISCHARGE

To the Honorable Hugh L. Dickson, Referee in
Bankruptcy:

The verified petition of Slane, Mantalica & Davis,
by Lloyd Tevis, respectfully represents:

I.

That they are the duly appointed attorneys for
the trustee in the within bankrupt estate.

II.

That they are examining into certain acts of the

bankrupt relative to filing objections to their discharge, but will not have the same completed prior to the last date for filing such objections, namely, the 15th day of July, 1953.

Wherefore, your petitioners pray that the last date to file objections to the discharge of the within bankrupt be extended to and including September 15, 1953.

Dated: July 14, 1953.

SLANE, MANTALICA & DAVIS,
/s/ By LLOYD TEVIS,
Attorneys for Trustee [150]

ORDER

It Is So Ordered.

Dated: July 15, 1953.

/s/ HUGH L. DICKSON,
Referee in Bankruptcy [151]

Duly Verified. [152]

[Endorsed]: Filed July 15, 1953.

[Title of District Court and Causes 55190-55191.]

PETITION AND ORDER TO EXTEND TIME TO OBJECT TO DISCHARGE

To the Honorable Hugh L. Dickson, Referee in
Bankruptcy:

The verified petition of Slane, Mantalica & Davis,
by Lloyd Tevis, respectfully represents:

I.

That they are the duly appointed attorneys for the trustee in the within bankrupt estate.

II.

That they are examining into certain acts of the bankrupt relative to filing objections to his discharge, but will not have the same completed prior to the last date for filing such objections, namely, the 15th day of September, 1953.

Wherefore, your petitioners pray that the last date to file objections to the discharge of the within bankrupt be extended to and including October 15, 1953.

Dated: September 11, 1953.

SLANE, MANTALICA & DAVIS,

/s/ By LLOYD TEVIS,

Attorneys for Trustee [153]

ORDER

It Is So Ordered.

Dated: September 15, 1953.

/s/ HUGH L. DICKSON,

Referee in Bankruptcy [154]

Duly Verified. [155]

[Endorsed]: Filed September 15, 1953.

[Title of District Court and Causes 55190-55191.]

PETITION AND ORDER TO EXTEND TIME
TO OBJECT TO DISCHARGE

To the Honorable Hugh L. Dickson, Referee in
Bankruptcy:

The verified petition of Slane, Mantalica & Davis,
by Louis N. Mantalica, respectfully represents:

I.

That they are the duly appointed attorneys for
the Trustee in the within bankrupt estate.

II.

That they are examining into certain acts of the
bankrupt relative to filing objections to his dis-
charge, but will not have the same completed prior
to the last date for filing such objections, namely,
the 15th day of October, 1953.

Wherefore, your petitioners pray that the last
date to file objections to the discharge of the within
bankrupt be extended to and including November
17, 1953.

Dated: October 15, 1953.

SLANE, MANTALICA & DAVIS,
/s/By LOUIS N. MANTALICA,
Attorneys for Trustee

[156]

ORDER

It Is So Ordered.

Dated: October 15, 1953.

/s/ REUBEN G. HUNT,
Referee in Bankruptcy [157]

Duly Verified. [158]

[Endorsed]: Filed October 15, 1953.

[Title of District Court and Causes 55190-55191.]

SUPPLEMENTAL CERTIFICATE ON
REVIEW

To the Honorable Ben Harrison, Judge of the
United States District Court for the Southern
District of California:

I, Joseph J. Rifkind, Referee in Bankruptcy, in
charge of and to whom the above entitled matter
has been referred after the death of Hugh L. Dick-
son, to whom the matter was originally referred in
compliance with the order of Honorable Ben Har-
rison, United States District Court, do hereby trans-
mit to said Honorable Ben Harrison, and do certify
this Supplemental Certificate on Review, by at-
taching to this Certificate the following:

1. Order Approving Trustee's Bond dated De-
cember 10, 1952;
2. Order Fixing Time for Filing Objections to
Discharge dated March 17, 1953;

3. Petition and Order to Extend Time to object to Discharge filed March 13, 1953;

4. Petition and Order to Extend Time to Object to Discharge filed May 13, 1953;

5. Petition and Order to Extend Time to Object to Discharge filed July 15, 1953;

6. Petition and Order to Extend Time to Object to Discharge filed September 15, 1953, and [159]

7. Petition and Order to Extend Time to Object to Discharge filed October 15, 1953.

Dated this 28 day of October, 1955.

/s/ JOSEPH J. RIFKIND,
Referee in Bankruptcy [160]

[Endorsed]: Filed October 28, 1955.

[Title of District Court and Causes 55190-55191.]

SPECIFICATION OF OBJECTIONS TO DISCHARGE

To the Honorable Hugh L. Dickson, Referee in
Bankruptcy:

George T. Goggin of Los Angeles, in the County of Los Angeles, State of California, the Trustee of the estates of the above-named bankrupts, having examined into the acts and conduct of said bankrupts and being satisfied that probable grounds exist for the denial of the discharge of said bankrupts and that the public interest so warrants, does hereby

oppose the granting to said bankrupts of a discharge from their debts, and specifies the following as grounds of objection:

I.

That Rameson Brothers, a copartnership composed of [161] William W. Rameson and Frederick M. Rameson, one of the above-named bankrupts, has failed to explain satisfactorily the deficiency of its assets to meet its liabilities, in that when Frederick M. Rameson, one of the copartners of the bankrupt partnership, was interrogated upon his examination in this proceeding, held on the 7th day of January, 1953, as to why the bankrupt partnership suffered serious financial losses, his answer was that he could not account for it.

That Rameson Brothers, a copartnership composed of William W. Rameson and Frederick M. Rameson, one of the above-named bankrupts, has failed to explain satisfactorily the deficiency of its assets to meet its liabilities, in that when William W. Rameson, one of the copartners of the bankrupt partnership, was interrogated upon his examination in this proceeding, held on the 7th day of January, 1953, as to why the bankrupt partnership suffered serious financial losses, his answer was that he could not account for it.

II.

That the bankrupt, Frederick M. Rameson, has failed to explain satisfactorily the deficiency of his

assets to meet his liabilities, in that when he was interrogated upon his examination in this proceeding, held on the 7th day of January, 1953, as to why he suffered serious financial losses, his answer was that he could not account for it.

III.

That the bankrupt, William W. Rameson, has failed to explain satisfactorily the deficiency of his assets to meet his liabilities, in that when he was interrogated upon his examination in this proceeding, held on the 7th day of January, 1953, as to why he suffered serious financial losses, his answer was that he [162] could not account for it.

/s/ GEORGE T. GOGGIN,
Trustee

SLANE, MANTALICA & DAVIS,
/s/ By LLOYD TEVIS,
Attorneys for Trustee [163]

Duly Verified. [164]

[Endorsed]: Filed November 17, 1953.

In the District Court of the United States, Southern District of California, Central Division

In Bankruptcy—No. 55190-BH

In the Matter of FREDERICK M. RAMESON,
Bankrupt.

In Bankruptcy—No. 55191-BH

In the Matter of WILLIAM W. RAMESON,
Bankrupt.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

The trustee in the above entitled bankruptcy having duly filed his Specifications of Objections to Discharge with this Court based upon Section 14C (7) of the Bankruptcy Act, and Sol Jarmulowsky having duly filed his Specifications of Objections to Discharge with said Court based upon Section 14C(2) of the Bankruptcy Act, notice of the hearing whereof, was duly given the bankrupt and to said objectors; and a hearing upon the issues involved having been had before me at 2:00 o'clock p.m. on the 31st day of August, 1954, whereat I received and heard the proofs of the parties in interest, and due consideration having been had thereon, I find as

Findings of Fact

A. Trustee's Objection.

Upon reading and review of portions of the transcript of the Section 21a examination of Frederick

M. Rameson, I find that he has failed to offer any explanation for the deficiency of assets to meet his liabilities. [165]

B. Creditors' Objection.

1. That Frederick M. Rameson and William W. Rameson were the copartners composing the partnership known as Rameson Brothers. Said partnership did follow and utilize the accounting and book-keeping practices hereinafter enumerated.

2. Said firm frequently prepared checks with which to pay creditors supplying materials in advance of their actual negotiation.

3. Said firm marked bills and invoices as paid when said checks were prepared and not at the time of negotiation.

4. Said firm did frequently give checks to creditors in payment for materials supplied with an oral agreement between said parties not to cash said checks until further notice from Rameson Brothers.

5. Said firm marked bills and invoices as paid when said checks were given out and not when actually cashed and/or negotiated.

6. Said firm was behind in posting entries in its books of accounts or records frequently as long as two or three months.

7. The books of account or records of said firm did not truly reflect its financial condition and business transactions because bills and invoices were marked paid before actual payment and because said firm was behind in posting entries in its books of account or records; and I further find as

Conclusions of Law

A. Trustee's Objection.

1. The bankrupt has failed to explain satisfactorily the deficiency of assets to meet his liabilities.

2. Because of this failure to explain, the application of the bankrupt for his discharge should be denied.

3. That an order to that effect should be entered.

B. Creditors' Objection.

1. That the bankrupt has failed to keep books of account or records from which his financial condition and business transactions might be ascertained.

2. That the application of the bankrupt for his discharge should be denied.

3. That an order to that effect should be entered.

Dated: September 15, 1954.

/s/ HUGH L. DICKSON,

Referee in Bankruptcy [167]

Affidavit of Service by Mail attached. [168]

[Endorsed]: Filed September 15, 1954.

[Title of District Court and Causes 55190-55191.]

ORDER DENYING DISCHARGE

Frederick M. Rameson, having been duly adjudicated bankrupt in this Court, and specifications of objections to his discharge having been duly

filed by George T. Goggin, trustee in the above named bankruptcy, and by Sol Jarmulowsky, notice of the hearing whereof, was duly given to the bankrupt and to said objectors; and said hearing having been duly had thereon, and the proofs of the parties having been duly made at said hearing by Slane, Mantalica & Davis appearing as attorneys for the objecting trustee, Louis Most, Robert N. Richland and Jack Lincoln appearing as attorneys for the objecting creditor, and Paul Taylor appearing as attorney for the bankrupt; and the Court having thereupon filed its findings of fact and conclusions of law,

It Is Now Ordered that the application of the bankrupt for his discharge, be and the same is hereby denied on two distinct grounds, namely those set forth in Sections 14C(2) and 14C(7) of [169] the Bankruptcy Act.

Dated: September 15, 1954.

/s/ HUGH L. DICKSON,

Referee in Bankruptcy [170]

Affidavit of Service by Mail attached. [171]

[Endorsed]: Filed September 15, 1954.

[Title of District Court and Causes 55190-55191.]

PETITION FOR REVIEW OF REFEREE'S ORDER

The Petition of Frederick M. Rameson, bankrupt, herein, respectfully shows:

That in the course of the proceedings herein on August 31, 1954, the certain specifications of objection to your petitioner's discharge in bankruptcy, theretofore filed by George T. Goggin, Trustee in Bankruptcy, and one Sol Jarmulowsky a creditor, came on for hearing before the Honorable Hugh L. Dickson, Referee in Bankruptcy, and following same an order was made and entered by said Referee on September 15, 1954, denying petitioner's discharge in bankruptcy;

That said order was and is erroneous in the following particulars:

1. The written specifications of objection to petitioner's discharge in bankruptcy filed by the Trustee do not set forth grounds in accordance with any of the provisions of Section 14, and more particularly Section 14c (7) of the Bankruptcy Act, for a denial of petitioner's discharge; [172]

2. The evidence adduced at the hearing in support of the Trustee's specifications of objection neither directly nor by inference reasonably established that your petitioner had failed to explain satisfactorily any losses of assets, or deficiency of assets to meet his liabilities;

3. The findings of the Referee and his order denying the discharge are unsupported by the evidence;

4. The written specifications of objection to your petitioner's discharge, of one, Sol Jarmulowsky, a creditor, were filed by him only in Case No. 55062-BH (being Rameson Brothers, a bankrupt copart-

nership, composed of William W. Rameson, brother of your petitioner, and Frederick M. Rameson, your petitioner), and were adopted on oral motion of the Trustee in the within case on August 31, 1954, as the Trustee's additional specifications of objection to your petitioner's discharge, without the assent of the creditor so making same, or his attorney; the same do not set forth any grounds in accordance with the provisions of Section 14, and more particularly Section 14c (2) of the Bankruptcy Act, warranting denial of your petitioner's discharge in bankruptcy;

5. The evidence adduced at the hearing on the specifications of objection of said Sol Jarmulowsky did not reasonably establish that your petitioner failed to keep books of account or records from which his financial condition and business transactions might be ascertained. Rather the said specifications of objection concern themselves solely with a system of check writing referred to therein respecting the business of Rameson Brothers, the bankrupt copartnership;

6. It was not reasonably established at the hearing herein referred to, or in any other hearing in the within case, nor from all the circumstances hereunto pertaining, that your petitioner as an individual, apart from his being a copartner [173] of said Rameson Brothers, the bankrupt copartnership herein referred to, should have kept or was required to keep personal books of account or records from which his financial condition and business transactions might be ascertained, for the

simple reason that he was engaged in no business other than that of Rameson Brothers, the bankrupt copartnership, who maintained a partnership set of books and records;

7. The Referee at the said hearing on August 31, 1954, permitted wholly immaterial issues, concerning certain specific realty dealings of said Rameson Brothers, the bankrupt copartnership, to be introduced in evidence, despite the fact that no reference thereto was contained in the specifications of objection of either the Trustee or of said creditor, and no grounds for the denial of your petitioner's discharge in bankruptcy were reasonably established thereby in accordance with any of the provisions of Section 14 of the Bankruptcy Act;

8. The comments of the Referee throughout the hearing indicate a wholly hostile attitude toward your petitioner, and explain to a degree the error of his resulting order. His repeated references to what he termed 'fraud', and 'going to the public for credit', as having been committed by your petitioner, when in fact no 'fraud' nor 'going to the public for credit' was charged in the specifications of objection of either the Trustee or the objecting creditor, find no support in the evidence whatsoever. This is classically indicative of the ground upon which he in fact based his order denying your petitioner's discharge, and is contrary to the findings of fact and conclusions of law made by him herein.

Wherefore, your petitioner, Frederick M. Rameson, being aggrieved by said order, prays that the

same may be [174] reviewed by a judge of this court, as provided by the Bankruptcy Act.

Dated: September 21, 1954.

PAUL TAYLOR and
DAVID SOSSON,
/s/ DAVID SOSSON,
Attorneys for Bankrupt [175]

Duly Verified.

Affidavit of Service by Mail attached. [176]

[Endorsed] Filed September 22, 1954.

[Title of District Court and Causes 55190-55191.]

CERTIFICATE OF REVIEW

To the Honorable Wm. M. Byrne, Judge of the
United States District Court for the Southern
District of California, Central Division:

I, Hugh L. Dickson, the Referee in Bankruptcy
in charge of these proceedings, do hereby certify:

1. That in the course of such proceedings an
order was made by me, a copy whereof is hereto an-
nexed. This order was entered on the 15th day of
September, 1954.

2. That Frederick M. Rameson, the petitioner
herein, feeling aggrieved thereby, filed his petition
to review the said order on the 23rd day of Septem-
ber, 1954.

3. The question presented for review is as fol-
lows:

Upon the 17th day of November, 1953, the trustee in bankruptcy, George T. Goggin, through his attorneys, Slane, Mantalica & Davis, filed his Specification of Objections to Discharge in this proceeding, and previously [177] thereto, on the 17th day of March, 1953, Sol Jarmulowsky, through his attorneys, Most, Richland & Lincoln, had filed his Specification of Objections to Discharge in the matter of Rameson Brothers, a copartnership composed of William W. Rameson and Frederick M. Rameson, in Bankruptcy No. 55062-BH. These matters came on for hearing at 2:00 o'clock p.m. on the 30th day of August, 1954, whereat the bankrupt was represented by Paul Taylor and David Sosson, his attorneys.

The objectors claimed that the bankrupt had failed to keep adequate books, records and accounts, and to satisfactorily explain the deficiency of assets to meet his liabilities. The bankrupt contended, however, that he had committed no acts upon which a denial of discharge could be maintained. After a hearing, upon which oral and documentary evidence was submitted and considered, I made findings of fact and conclusions of law, and thereupon denied petitioner's discharge.

4. Transmitted herewith are:

- (a) A copy of the order sought to be reviewed;
- (b) The Specification of Objections to Discharge;
- (c) A transcript of the evidence taken upon the hearing; (with Rameson Brothers Certificate on Review).

(d) A transcript of the Section 21-A, Examination of Frederick M. Rameson; (with Rameson Brothers Certificate).

(e) My findings of fact and conclusions of law;

(f) The petition for review.

Dated: September 27, 1954.

/s/ HUGH L. DICKSON,

Referee in Bankruptcy [178]

[Endorsed]: Filed October 6, 1954.

[Title of District Court and Causes 55190-55191.]

MEMORANDUM

The order of the Referee denying the above named bankrupt a discharge is hereby affirmed.

The Trustee is directed to submit to appropriate order of affirmance.

Dated: This 14 day of June, 1955.

/s/ BEN HARRISON,

Judge

[179]

[Endorsed]: Filed June 17, 1955.

In the District Court of the United States, Southern District of California, Central Division

In Bankruptcy—No. 55190-BH

In the Matter of FREDERICK M. RAMESON,
Bankrupt.

ORDER AFFIRMING REFEREE'S ORDER

At Los Angeles, California, in said district, the 14th day of June, 1955.

Frederick M. Rameson, having petitioned this court for an order to review and reverse the order of the Referee herein, entered on the 15th day of September, 1954, denying petitioner's discharge in bankruptcy, and said petition upon review having thereupon come on to be heard before this court, whereat petitioner appeared by Paul Taylor and David Sosson, by Paul Taylor, his attorneys, in support thereof, and the Trustee appeared by Slane, Mantalica & Davis, by Lewis C. Teegarden, his attorneys, in opposition thereto,

Now, upon due consideration, it is

Ordered that the order of the Referee entered on the 15th day of September, 1954, be and the same is hereby [180] approved and affirmed.

/s/ BEN HARRISON,
Judge

Acknowledgment of Service attached. [181]

[Endorsed]: Lodged, July 6, 1955. Filed July 13, 1955. Entered July 14, 1955.

In the District Court of the United States, Southern District of California, Central Division

In Bankruptcy—No. 55191-BH

In the Matter of WILLIAM W. RAMESON,
Bankrupt.

ORDER AFFIRMING REFEREE'S ORDER

At Los Angeles, California, in said district, the 14th day of June, 1955.

William W. Rameson, having petitioned this court for an order to review and reverse the order of the Referee herein, entered on the 15th day of September, 1954, denying petitioner's discharge in bankruptcy, and said petition upon review having thereupon come on to be heard before this court, whereat petitioner appeared by Paul Taylor and David Sosson, by Paul Taylor, his attorneys, in support thereof, and the Trustee appeared by Slane, Mantalica & Davis, by Lewis C. Teegarden, his attorneys, in opposition thereto,

Now, upon due consideration, it is

Ordered that the order of the Referee entered on the 15th day of September, 1954, be and the same is hereby [185] approved and affirmed.

/s/ BEN HARRISON,
Judge

Acknowledgment of Service attached. [186]

[Endorsed]: Lodged July 6, 1955. Filed July 13, 1955. Entered July 14, 1955.

[Title of District Court and Cause No. 55190.]

NOTICE OF APPEAL

To the Honorable Ben Harrison, United States District Judge; to George T. Goggin, as Trustee in Bankruptcy of the Estate of the above named Bankrupt, and to Slane, Mantalica & Davis, 257 South Spring Street, Los Angeles, California, his attorneys of record; to Sol Jarmulowsky and to Louis Most, Robert N. Richland and Jack Lincoln, 328 South Beverly Drive, Beverly Hills, California, his attorneys of record, and to John Childress, Clerk of the above entitled Court:

You and each of you will please take notice and notice is hereby given that Frederick M. Rameson, bankrupt above named, hereby appeals to the United States Court of Appeals for the Ninth Circuit, from that Order, Final Judgment and Decree and the whole thereof, filed, docketed and entered in the above entitled matter on the 15th day of July, 1955, in the files and records of the above entitled Court, and which said Order decreed that the Order of the Referee entered on the 15th day of September, 1954, denying the above named bankrupt a discharge be approved and confirmed.

You and each of you will please take further notice that said Frederick M. Rameson, bankrupt, likewise hereby appeals to the [182] United States Court of Appeals for the Ninth Circuit from that Order, Judgment and Decree dated the 14th day of June, 1955, and the whole thereof, and which

said order was on the 17th day of June, 1955, filed, docketed and entered in the files and records of the above entitled Court, and which said Order decreed that the Order of the Referee entered on the 15th day of September, 1954, denying the above named bankrupt a discharge be approved and confirmed.

Dated this 15 day of July, 1955.

/s/ PAUL TAYLOR and
DAVID SOSSON,

/s/ By PAUL TAYLOR,

/s/ KYLE Z. GRAINGER,

Attorneys for Bankrupt and

Appellant

[183]

[Endorsed]: Filed July 15, 1955.

[Title of District Court and Cause No. 55191.]

NOTICE OF APPEAL

To the Honorable Ben Harrison, United States District Judge; to George T. Goggin, as Trustee in Bankruptcy of the Estate of the above named Bankrupt, and to Slane, Mantalica & Davis, 257 South Spring Street, Los Angeles, California, his attorneys of record; to Sol Jarmulowsky, and to Louis Most, Robert N. Richland and Jack Lincoln, 328 South Beverly Drive, Beverly Hills, California, his attorneys of record, and to John Childress, Clerk of the above entitled Court:

You and each of you will please take notice and notice is hereby given that William W. Rameson,

Bankrupt above named, hereby appeals to the United States Court of Appeals for the Ninth Circuit, from that Order, Final Judgment and Decree and the whole thereof, filed, docketed and entered in the above entitled matter on the 15th day of July, 1955, in the files and records of the above entitled Court, and which said Order decreed that the Order of the Referee entered on the 15th day of September, 1954, denying the above named bankrupt a discharge be approved and confirmed. [187]

You and each of you will please take further notice that said William W. Rameson, Bankrupt, likewise hereby appeals to the United States Court of Appeals for the Ninth Circuit from that Order, Judgment and Decree dated the 14th day of June, 1955, and the whole thereof, and which said order was on the 17th day of June, 1955, filed, docketed and entered in the files and records of the above entitled Court, and which said Order decreed that the Order of the Referee entered on the 15th day of September, 1954, denying the above named bankrupt a discharge be approved and confirmed.

Dated this 15 day of July, 1955.

/s/ PAUL TAYLOR and
DAVID SOSSON,

/s/ By PAUL TAYLOR,

/s/ KYLE Z. GRAINGER,

Attorneys for Bankrupt and
Appellant

[188]

[Endorsed]: Filed July 15, 1955.

[Title of District Court and Causes 55190-55191.]

STATEMENT OF POINTS UPON WHICH
APPELLANT WILL RELY UPON APPEAL

Filed July 15, 1955 from Order, Final Judgment and Decree Filed, Docketed and Entered on the 15th day of July, 1955, and from Order, Judgment and Decree dated June 14, 1955, Filed, Docketed and Entered the 17th day of June, 1955.

Pursuant to Rule 75 D of Rules of Civil Procedure appellant makes the following concise statement of points upon which he intends to rely upon this appeal.

I.

The Order, Judgment and Decree of the Court docketed and entered in the above entitled matter on the 15th day of July, 1955, in the files and records of the above entitled court, and which said Order decreed that the Order of the Referee, entered on the 15th day of September, 1954, denying the above named bankrupt a discharge be approved and affirmed, is erroneous, in that it approved and affirmed an Order denying the bankrupt a discharge, though the evidence was insufficient to establish that said discharge should be denied, but on the contrary established that the discharge should have been granted.

II.

The Order, Judgment and Decree dated the 14th

day of June, 1955 and filed, docketed and entered in the files and records of the [184] above entitled court on the 17th day of June, 1955, affirming the Order of the Referee entered on the 15th day of September, 1954, denying the above named bankrupt a discharge is erroneous in that the evidence is insufficient to establish that said discharge should be denied, but on the contrary established that the discharge should have been granted.

III.

The Order, Judgment and Decree of the Court docketed and entered in the above entitled matter on the 15th day of July, 1955, in the files and records of the above entitled court, and which said Order decreed that the Order of the Referee, entered on the 15th day of September, 1954, denying the above named bankrupt a discharge, is erroneous, in that it is based in part on alleged specifications of discharge on behalf of Sol Jarmulowsky, when in fact no specifications in opposition to the discharge of this appellant were ever filed on behalf of said Sol Jarmulowsky.

IV.

The Order, Judgment and Decree dated the 14th day of June, 1955, and filed, entered and docketed on June 17, 1955, as aforesaid, affirming and approving the Order of the Referee entered on the 15th day of September, 1954, denying the above named bankrupt a discharge be approved and affirmed, is erroneous, in that it is based in part on alleged specifications of discharge on behalf of Sol

Jarmulowsky, when in fact no specifications in opposition to the discharge of this appellant was ever filed on behalf of said Sol Jarmulowsky.

V.

That said Order, Judgment and Decree of the Court docketed, and entered in the above entitled matter on the 15th day of July, 1955, in the files and records of the above entitled court, and which said Order decreed that the Order of the Referee, entered on the 15th day of September, 1954, denying the above named bankrupt a discharge be approved and affirmed, is erroneous, in that the [185] Judge neither made or filed any Findings of Fact or Conclusions of Law upon which to base said Order.

VI.

The Order, Judgment and Decree dated the 14th day of June, 1955 and filed, docketed and entered in the files and records of the above entitled court on June 17, 1955 as aforesaid, affirming the Order of the Referee entered on the 15th day of September, 1954, denying the above named bankrupt a discharge, is erroneous, in that the Judge neither made or filed any Findings of Fact or Conclusions of Law upon which to base said Order.

VII.

The Order, Judgment and Decree of the Court, docketed and entered in the above entitled matter on the 15th day of July, 1955, in the files and rec-

ords of the above entitled court, and which said Order decreed that the Order of the Referee, entered on the 15th day of September, 1954, denying the above named bankrupt a discharge be approved and affirmed, is erroneous, in that if it be assumed that by implication the Findings of Fact and Conclusions of Law of the Referee were adopted, evidence was not sufficient to support said Findings of Fact and Conclusions of Law.

VIII.

The Order, Judgment and Decree dated the 14th day of June, 1955 and filed, docketed and entered in the files and records of the above entitled court on the 17th day of June, 1955, as aforesaid, affirming and approving the Order of the Referee entered on the 15th day of September, 1954, denying the above named bankrupt a discharge be approved and affirmed, is erroneous, in that if it be assumed that by implication Findings of Fact and Conclusions of Law of the Referee were adopted, evidence was not sufficient to support said Findings of Fact and Conclusions of Law.

IX.

The Order, Judgment and Decree of the Court docketed and [186] entered in the above entitled matter on the 15th day of July, 1955 in the files and records of the above entitled court, and which said Order decreed that the Order of the Referee, entered on the 15th day of September, 1954, denying the above named bankrupt a discharge be ap-

proved and affirmed, is erroneous, in that the Order of the Referee was erroneous in that the evidence was insufficient to support an Order denying discharge, and such Order was based on erroneous Findings of Fact and Conclusions of Law.

X.

The Order, Judgment and Decree dated the 14th day of June, 1955 and filed, entered and docketed in the files and records of the above entitled court on June 17, 1955 as aforesaid, affirming the Order of the Referee entered on the 15th day of September, 1954, denying the above named bankrupt a discharge be approved and affirmed, is erroneous, in that the evidence was insufficient to support an Order denying the discharge and such Order was based on erroneous Findings and Conclusions of Law.

XI.

The Order, Judgment and Decree of the Court docketed and entered in the above entitled matter on the 15th day of July, 1955, in the files and records of the above entitled court, and which said Order decreed that the Order of the Referee, entered on the 15th day of September, 1954, denying the above named bankrupt a discharge is erroneous, in that said Order approved and affirmed an Order of the Referee, which Order of the Referee was erroneous in that it was based in part on specifications of objections of Sol Jarmulowsky, allegedly made by Sol Jarmulowsky, though in fact no such specifications of objections existed and that the al-

leged specifications were allegedly adopted on August 31, 1954, by the Trustee, long after the time had expired for filing specifications of objection and such alleged specifications constituted new and different ground of objection on behalf of the Trustee.

XII.

The Order, Judgment and Decree dated the 14th day of June, 1955 and filed, docketed and entered in the files and records of the above entitled court on June 17, 1955 as aforesaid approving and affirming the Order of the Referee entered on the 15th day of September, 1954, denying the above named bankrupt a discharge is erroneous, in that said Order approved and affirmed an Order of the Referee, which Order of the Referee was erroneous in that it was based in part on Specifications of Objections of Sol Jarmulowsky, allegedly made by Sol Jarmulowsky, though in fact no such specifications of objections existed and that the alleged specifications were allegedly adopted on August 31, 1954, by the Trustee, long after the time had expired for filing Specifications of Objection and such alleged specifications constituted new and different grounds of objection on behalf of the Trustee.

XIII.

The Order, Judgment and Decree of the Court docketed and entered in the above entitled matter on the 15th day of July, 1955 in the files and records of the above entitled court, and which said Order decreed that the Order of the Referee

entered on the 15th day of September, 1954 denying the above named bankrupt a discharge is erroneous, in that the written Specifications of Objection to bankrupt's discharge in bankruptcy filed by the Trustee do not set forth grounds in accordance with any of the provisions of Section 14 and more particularly Section 14c (7) of the Bankruptcy Act, for a denial of petitioner's discharge.

XIV.

The Order, Judgment and Decree dated the 14th day of June, 1955 and filed, entered and docketed on June 17, 1955 as aforesaid, affirming and approving the Order of the Referee entered on the 15th day of September, 1954, denying the above named bankrupt a discharge, be approved and affirmed, is erroneous, in that the [188] written Specifications of Objection to bankrupt's discharge in bankruptcy filed by the Trustee do not set forth grounds in accordance with any of the provisions of Section 14, and more particularly Section 14c (7) of the Bankruptcy Act, for a denial of petitioner's discharge.

XV.

The Order, Judgment and Decree of the Court docketed and entered in the above entitled **matter** on the 15th day of July, 1955 in the files and records of the above entitled court, and which said Order decreed that the Order of the Referee, entered on the 15th day of September, 1954 denying the above named bankrupt a discharge is erroneous, in that it was not reasonably established from the

evidence that the bankrupt, appellant in this case as an individual, apart from his being copartner of Rameson Brothers, should have kept, or was required to keep personal books of account or records from which his financial condition and business transactions might be ascertained, for the reason that he was engaged in no business other than that of Rameson Brothers, the bankrupt copartnership, who maintained a partnership set of books and records.

XVI.

The Order, Judgment and Decree dated the 14th day of June, 1955 and filed, entered and docketed the 17th day of June, 1955 as aforesaid, affirming and approving the Order of the Referee entered on the 15th day of September, 1954, denying the above named bankrupt a discharge be approved and affirmed, is erroneous, in that it was not reasonably established from the evidence that the bankrupt, appellant in this case as an individual, apart from his being copartner of Rameson Brothers, should have kept, or was required to keep personal books of account or records from which his financial condition and business transactions might be ascertained, for the reason that he was engaged in no business other than that of Rameson Brothers, the bankrupt copartnership, who maintained a partnership set of books and records [189]

XVII.

The Order, Judgment and Decree of the Court docketed and entered in the above entitled matter

ords of the above entitled court, and which said Order decreed that the Order of the Referee, entered on the 15th day of September, 1954, denying the above named bankrupt a discharge is erroneous, in that the Referee at the hearing on August 31, 1954, permitted wholly immaterial issues; concerning certain specific realty dealings of said Rameson Brothers, the bankrupt copartnership, to be introduced as evidence, despite the fact that no reference thereto was contained in the Specifications of Objection and no grounds for denial of the bankrupt's discharge in bankruptcy were reasonably established thereby in accordance with any of the provisions of Section 14 of the Bankruptcy Act.

XVIII.

The Order, Judgment and Decree dated the 14th day of June, 1955 and filed, entered and docketed on the 17th day of June, 1955 as aforesaid, affirming and approving the Order of the Referee entered on the 15th day of September, 1954, denying the above named bankrupt a discharge be approved and affirmed is erroneous, in that the Referee at the hearing on August 31, 1954, permitted wholly immaterial issues, concerning certain specific dealings of said Rameson Brothers, the bankrupt copartnership, to be introduced as evidence, despite the fact that no reference thereto was contained in the Specifications of Objection and no grounds for denial of the bankrupt's discharge in bankruptcy were reasonably established thereby in accordance with

any of the provisions of Section 14 of the Bankruptcy Act.

Respectfully submitted.

/s/ PAUL TAYLOR and
DAVID SOSSON,

/s/ By PAUL TAYLOR,
/s/ KYLE Z. GRAINGER,

Attorneys for Appellant [190]

[No. 55191 is the same as above except for the following additional paragraphs:]

XIX.

The Order, Judgment and Decree of the Court docketed and [195] entered in the above entitled matter on the 15th day of July, 1955 in the files and records of the above entitled court, and which said Order decreed that the Order of the Referee entered on the 15th day of September, 1954, denying the above named bankrupt a discharge is erroneous, in that the Order of the Referee dated October 16, 1953 was made after the time for filing Specifications of Objection to discharge had expired under the previous Order of the Court.

XX.

The Order, Judgment and Decree dated the 14th day of June, 1955 and filed, entered and docketed on June 17, 1955, as aforesaid, affirming and approving the Order of the Referee entered on the 15th day of September, 1954, denying the above named bankrupt a discharge be approved and af-

firmed is erroneous, in that the Order of the Referee dated October 16, 1953 was made after the time for filing Specifications of Objection to discharge had expired under the previous Order of the Court.

Acknowledgments of Service attached. [191]

[Endorsed]: Filed September 9, 1955.

[Title of District Court and Causes 55190-55191.]

ORDER FOR EXTENSION OF TIME FOR
FILING RECORD ON APPEAL AND
DOCKETING THE APPEAL

It appearing to the Court that Frederick M. Rameson, bankrupt, appellant in an appeal filed on the 15th day of July, 1955, from Order, Final Judgment and Decree and the whole thereof filed, docketed and entered in proceeding No. 55190-BH on the 15th day of July, 1955, and from Order, Judgment and Decree and the whole thereof dated the 14th day of June, 1955, which said Order was on the 17th day of June, 1955, filed, docketed and entered in the files and records of the above entitled court.

And it further appearing that Rameson Brothers, a copartnership, composed of William W. Rameson and Frederick M. Rameson, bankrupt, and William W. Rameson and Frederick M. Rameson, copartners, filed on the 15th day of July, 1955, in proceeding No. 55062-BH in this Court in the Matter of Rame-

son Brothers, a copartnership, composed of William W. Rameson and Frederick M. Rameson, bankrupt, an appeal from Order, Final Judgment and Decree and the whole thereof filed, docketed and entered in said proceeding No. 55062-BH on the 15th day of July, 1955, and from Order, Judgment and Decree and the whole thereof, dated the 14th day of June, 1955, which said order was on the 17th day of June, 1955, filed, docketed and [197] entered in the files and records in the above entitled court in said proceeding No. 55062-BH.

And it further appearing that William W. Rameson, bankrupt, filed on the 15th day of July, 1955, in proceeding No. 55191-BH, in this Court in the Matter of William W. Rameson, bankrupt, an appeal from Order, Final Judgment and Decree and the whole thereof filed, docketed and entered in said proceeding No. 55191-BH on the 15th day of July, 1955, and from Order, Judgment and Decree and the whole thereof, dated the 14th day of June, 1955, which said Order was on the 17th day of June, 1955, filed, docketed and entered in the files and records in the above entitled Court in said proceeding No. 55191-BH.

And it further appearing that the evidence presented and the record on appeal in all of said appeals will be substantially the same and by cooperation of counsel in the preparation of said record on appeal and the printing thereof, considerable time of the reviewing court, and considerable expense can be saved, and time should be accorded to accomplish such purpose.

And it further appearing to the Court that due to vacation periods, it will be extremely difficult for the clerk of this court to prepare Records on Appeals and his certification thereof in said proceedings and likewise for the attorneys in the case to arrange for proper records on appeal without an extension of time for filing and docketing same in the Appellate Court.

Now Therefore, good cause appearing therefor and on motion of counsel for the appellants,

It Is Ordered that the time within which the Record on Appeal in these proceedings may be filed and the appeal docketed with the Appellate Court in said appeal filed on July 15, 1955, is hereby extended to and including the 7th day of October, 1955.

Dated this 8th day of August, 1955.

/s/ BEN HARRISON,

Judge of the U. S. District Court

We hereby request and consent to the making of the foregoing order extending time dated August 8, 1955.

/s/ PAUL TAYLOR, DAVID SOSSON,

/s/ By KYLE Z. GRAINGER,

Attorneys for Appellants

/s/ SLANE, MANTALICA & DAVIS,

/s/ By LOUIS N. MANTALICA,

Attorneys for Trustee and Appellee

LOUIS MOST, ROBERT N. RICH-
LAND & JACK LINCOLN,

/s/ By LOUIS MOST,

Attorneys for Sol Jarmulowsky,
Appellee [199]

[Endorsed]: Filed August 8, 1955.

[Title of District Court and Causes 55190-55191.]

DOCKET ENTRIES

* * * * *

1955

June 17—Filed Memorandum affirm. the order of
the Referee denying bkpt. a discharge.
Trustee to submit appropriate order of
affirmance. Mld copy Memorandum to
counsel. copy to Referee Calverley.

* * * * *

July 15—Dkt. and Ent. 7-14-55, ord. affirm. ord.
of Ref. ent. 9-15-54, deny. petnr. disch.,
hrtfore fld. 7-13-55. Not. Attys.

* * * * *

[Title of District Court and Causes 55190-55191.]

CERTIFICATE OF CLERK

I, John A. Childress, Clerk of the United States
District Court for the Southern District of Cali-
fornia, do hereby certify that the foregoing pages

numbered from 1 to 201, inclusive, contain the originals of:

Creditors' Petition;

Order of General Reference;

Adjudication of Bankruptcy;

Answer of Bankrupt;

Order Approving Trustee's Bond;

Order Fixing Time for Filing Objections to Discharge;

Petition and Order to Extend Time to Object to Discharge, filed March 13, 1953;

Petition and Order to Extend Time to Object to Discharge, filed May 13, 1953;

Petition and Order to Extend Time to Object to Discharge, filed July 15, 1953;

Petition and Order to Extend Time to Object to Discharge, filed September 15, 1953;

Petition and Order to Extend Time to Object to Discharge, filed October 13, 1953;

Supplemental Certificate on Review;

Specifications of Objections to Discharge, Trustee's;

Findings of Fact and Conclusions of Law;

Order Denying Discharge;

Petition for Review of Referee's Order;

Certificate on Review;

Memorandum;

Order Affirming Referee's Order;

Notice of Appeal;

Statement of Points Upon Which Appellants Will Rely Upon Appeal, etc.;

Designation of Portions of the Record, Proceedings and Evidence to be Contained in the Record on Appeal; and

Order for Extension of Time for Filing Record on Appeal and Docketing Appeal and a full, true and correct copy of the Docket Entries which, together with the Reporter's Transcript of 21-A Examination of Frederick Rameson, William Rameson and Paul Taylor held on January 7, 1953 and Reporter's Transcript of Hearing on Objections to Discharge held on August 31, 1954, transmitted herewith, constitute the transcript of record on appeal to the United States Court of Appeals for the Ninth Circuit.

I further certify that my fees for preparing and certifying the foregoing record amount to \$2.10 which sum has been paid to me by appellant.

Witness my hand and the seal of said District Court this .. day of November, A.D. 1955.

JOHN A. CHILDRESS,
Clerk

In the District Court of the United States, Southern District of California, Central Division

Nos. 55062-BH, 55190-WB, 55191-WB

In the Matter of

RAMESON BROTHERS,
FREDERICK RAMESON,
WILLIAM M. RAMESON,

Bankrupts.

21-A EXAMINATION OF FREDERICK RAMESON and WILLIAM W. RAMESON and PAUL TAYLOR

The following is a stenographic transcript of the proceedings had in the above-entitled cause, which came on for hearing before the Honorable Hugh L. Dickson, Referee in Bankruptcy, at his courtroom, 343 Federal Building, Los Angeles, California, at 2:00 o'clock p.m., Wednesday, January 7, 1953.

Appearances: Slane, Mantalica and Davis, by Harold A. Slane, Lloyd J. Tevis, appearing on behalf of the Trustee. Paul Taylor appearing on behalf of the Bankrupts. [1*]

* Page numbers appearing at top of page of original Reporter's Transcript of Record.

FREDERICK MILLARD RAMESON

having been first duly sworn, called as a witness on behalf of the Trustee, testified as follows:

Direct Examination

Q. (By Mr. Slane): Will you state your full name, please?

A. Frederick Millard Rameson.

Q. Are you one of the partners in the Rameson Brothers Company, the Bankrupt in this matter?

A. Yes, sir.

Q. Who were the other partners?

A. William W. Rameson, my brother.

Q. Just the two of you? A. Yes, sir.

Q. Was your other brother connected with the concern?

A. He was employed by the concern as an employee, but he was not connected with the administration or control.

Q. What was his job there?

A. He was in a sales capacity, sir.

Q. What was the relationship between the partnership and T. R. Donaldson?

A. Mr. Donaldson operated our plumbing division. He operated it as an independent plumbing contractor because that is the status—I am trying to choose my words here—in other words, a plumber cannot work for a general contractor and he did not as such, but the company bought all [2] of his supplies.

Q. Isn't it true that supplies were all bought

(Testimony of Frederick Millard Rameson.)

under the name of Rameson Brothers and T. R. Donaldson?

A. That is correct, sir. I believe that was so because a plumbing supplier does not sell directly to a plumbing contractor. He has to sell to a housing contractor.

Q. You did not have a State contractor's plumbing license in the name of Rameson Brothers?

A. I don't believe so.

Q. The State contractor's plumbing license was in the name of T. R. Donaldson?

A. I believe that is correct.

Q. What was the basis of his compensation?

A. I believe I am unable to answer that, just whether he was exactly—you see, I wasn't directly involved in the construction end. I was primarily with the sales and I don't know the financial arrangement or consideration or arrangements between Donaldson and the company.

Q. Who would know that?

A. Bill Rameson, I believe. He was in charge of construction and he would know that.

Q. You have examined the schedules filed in this matter, this big document? A. Yes, sir.

Q. Are you familiar with it?

A. Yes, sir. [3]

Q. In your position with the partnership what were your primary duties?

A. My primary obligation was in charge of sales.

Q. You would contact the people who wanted to build homes?

(Testimony of Frederick Millard Rameson.)

A. No. I did originally, but as time went on we had salesman working directly with the public through our division sales manager and our sales representatives. I did contact some of the public, but the vast majority of the public were contacted by our representatives.

Q. Did you have contacts with the financing institutions? A. Yes, I did, sir.

Q. You handled most of that relationship?

A. Again I did at first, sir, but the division sales managers as time went on and within the last five or six months, the vast majority of financing relationship between the financial institutions and our organization was handled by our divisional sales managers.

Q. In general, your operations worked in what manner?

A. We had an architectural staff for any individuals who desired to obtain a home and by one means or another they would come in contact with our advertisements and our name. They would come in to visit us with regard to planning a home. Then we would proceed through the preliminary architectural phases and the financial working plans and [4] then into the other parts. We would help them arrange financing and then we would go on into the physical construction of the house.

Q. Under your operation, in addition to the plumbing operation, you had an electrical division?

A. That is correct.

Q. A landscaping division?

(Testimony of Frederick Millard Rameson.)

A. That is correct.

Q. Architectural service?

A. Architectural service.

Q. A cabinet shop? A. That is correct.

Q. A paint shop? A. That is correct.

Q. Interior decorating?

A. That is correct.

Q. In other words, practically the entire job of constructing a home?

A. Our plans were ultimately to have a complete service.

Q. Suppose I came in and asked you to build a home, what were the mechanics of it? Did I deed the lot to you or how did it work?

A. They retained complete title to the lot. There were exceptions to that, but as a general rule and in the vast majority of cases the client would contact one of our [5] sales representatives first and then after they became a definite client they would be put under the control of the divisional sales manager who would then control with them the preparation of the preliminary drawings, and after the approval of the preliminary drawings would go into the working drawings. Once those were finally prepared and approved, then they were submitted either through our assistance or through the direct efforts of the client to financing, and once that was secured and a loan recorded—of course, once the financing was pretty well established then they would go into the signing of the contract and specifications. Then as soon as we had clearance on the

(Testimony of Frederick Millard Rameson.)

loan reporting we would go into the physical consideration.

Q. Did you take these jobs on the basis of a fixed price? A. Always, sir.

Q. In other words, you had the plans and you told the party it would cost \$24,000 or whatever it was to build a home? A. That is correct.

Q. You were primarily building what we call custom houses; they were built pretty much to individual design?

A. That is correct, sir. We had certain designs.

Q. In your relationship with the financing institutions which ones did you use primarily?

A. Primarily we used the California Federal Savings [6] and Loan, the Security Federal Savings and Loan. I suppose they were the ones used most often. We did use Pacific Mutual Insurance Company and Glendale Federal, and several others in somewhat lesser amounts.

Q. On what basis were those funds made available for those institutions? Was it a progress payment type of deal? A. That is correct, sir.

Q. Do you recall what the stages were, the percentages that were to be paid at certain stages of construction?

A. The usual stages of construction. The first stage is the foundation, when that is in and the lumber is on the job. The second stage is when it is completely roofed and ready for plastering. The third stage is when the plastering is completed. The fourth stage is when the house is finished in all re-

(Testimony of Frederick Millard Rameson.)

spects. The fifth stage is thirty days following the record of the Notice of Completion.

Q. What were the percentage of payments made at each stage?

A. If I recall correctly, they were 20—25, 12, 20 and 10, as my memory serves me.

Q. When it came time for a progress payment to be made, what was the method of procedure used to secure that payment?

A. Ordinarily we would call the lending institution [7] to make their progress inspection. When they made the progress inspection they would disburse or mail or pay the check covering that individual disbursement.

Q. Were any documents or certificates required from Rameson Brothers before they would make a disbursement?

A. I believe that was always the case on the final disbursement. Whether or not some institutions required that at other stages I cannot say exactly.

Q. Did you sign those documents yourself?

A. The final ones I usually did.

Q. In those documents you would certify among other things that all of the labor and material being used on the job had been paid for?

Mr. Taylor: Your Honor, I am aware of the fact that a Bankrupt perhaps is not entitled to be represented by counsel, but I am asking the Court's permission to say this: In the absence of the instrument the answer to that question might tend to in-

(Testimony of Frederick Millard Rameson.)

criminate him and for that reason I advise him not to answer.

The Referee: What do you say, Mr. Witness, that the answer to this question might tend to incriminate you?

The Witness: Isn't the question in regard to what the physical document contained and the writing that is on it?

Mr. Slane: I was trying to get at this. I wanted to [8] know the general procedure. I have knowledge of the facts, Your Honor, that certain phases of this matter are under investigation by the District Attorney's office.

The Referee: I don't want this man to answer questions that would incriminate him.

Mr. Slane: No. I try to make the question more general in nature rather than specific.

The Referee: Can you answer it generally without reference to any specific case?

The Witness: I believe the general contents of the documents that were executed at the expiration of the lien period do contain a clause to that effect.

The Referee: That is ordinarily the custom, isn't it?

The Witness: Yes, sir.

Mr. Slane: Q. When was the firm of Rameson Brothers established?

A. I will have to do the best I can as far as dates are concerned. It was 1949, sir, in October 1949.

(Testimony of Frederick Millard Rameson.)

Q. In October 1949 with the same two partners, you and your brother William?

A. That is correct, sir.

Q. You continued as partners throughout?

A. That is correct.

Q. There were no other partners in the transactions?

A. That is correct.

Q. What was the original capital investment on the [9] part of each of you?

A. It was very small, sir. I am afraid I cannot answer the exact figure as to what amount it was, but it was not a sizable amount at all.

Q. Was it a couple of thousand dollars apiece?

A. I don't believe it was even quite that much, sir.

Q. You opened up in October 1949. This petition, I believe, was filed in October of last year which would mean that you were in business approximately three years?

A. That is correct, sir.

Q. According to the schedules you amassed liabilities of a million and three hundred eighty-seven odd thousand dollars and assets of approximately two hundred thousand dollars?

A. Mr. Slane, I don't know whether it is proper or not at this time, but I believe according to the way the documents are written there is some contingent liability.

Q. That is correct. We understand that.

A. And that is a majority of that amount. I mean I am not familiar with the method of prepar-

(Testimony of Frederick Millard Rameson.)

ing legal documents, as far as documents are concerned, but the actual figures in my mind, the actual liabilities are vastly less than that, even though the legal way of presenting it might be different.

Q. I believe the contingent liability items, that is to say, those unfinished contracts, amounted to some [10] four hundred odd thousand dollars which would still leave nearly nine hundred thousand as general liabilities of the partnership. What I am trying to get at is this. How do you account for this thing happening? In other words, what was wrong with the operation of the business that brought about this serious condition in less than three years?

A. Well, actually in my mind, in putting the figures together outside of the way to properly, legally present them, in my own calculations it appeared that the total net, after the whole thing was over, the total net deficiency apparently from information supplied to me was somewhere around \$200,000, which is an amount somewhat different than appears on the schedule even though it is probably correct.

The Referee: How do you account for that loss however much or little it might have been?

The Witness: I believe it was relevant to establish the fact that it was relatively smaller than suggested.

The Referee: Assume it was \$100,000, tell us how you account for having lost that much.

The Witness: Frankly, sir, I cannot account for

(Testimony of Frederick Millard Rameson.)

it. When I was exposed to the information, when I received the first balance sheet that I had any knowledge of whatsoever the fact that our business lost any money, let alone not being in the financial status that I thought it was, I have [11] the date in my pocket, I believe it was the first part of September when my accounting organization finally gave me the figure and it was the first time to my knowledge according to my concept that we were in a position that was in a financial bankruptcy stage.

The Referee: Did you have a highly paid staff of employees such as engineers? Did you have a big payroll?

The Witness: Yes, sir.

The Referee: Do you know approximately what it amounted to a month?

The Witness: As far as the office payroll is concerned or construction?

The Referee: Everything together.

The Witness: The amount of the construction payroll would be relevant to the number of houses we had under construction at that given time which would be a variable factor. I believe that the cost of operation as far as the office is concerned was somewhere in the neighborhood of \$20,000 a month. That was about the cost of doing business as far as the major office was concerned.

The Referee: What type of commission did you pay for getting customers?

The Witness: 11½ per cent.

(Testimony of Frederick Millard Rameson.)

The Referee: Of the cost of the house?

The Witness: It was usually started out at \$100 per house and it worked up to \$200 and then \$250. We were trying [12] to establish what we felt would be a proper sales commission. I believe we finally ended up with $1\frac{1}{2}$ per cent of the contract price for our sales commission.

The Referee: If a house cost \$20,000 the man would get $1\frac{1}{2}$ per cent?

The Witness: That is right.

The Referee: Go ahead, Mr. Slane.

Mr. Slane: Q. What was the average cost or did you have an average cost? I believe you ran ads in the newspapers and on radio and television. What was the figure you quoted in the ads that you could build a house for per square foot?

A. The cost per square foot is a very misleading thing. It all depends on what the house contains. A house can cost anywhere from \$5 per square foot to \$25 or more per square foot.

Q. What figure did you use in the ads?

A. It would depend on what house we were advertising at that moment. If we were advertising the cottage series I believe it was \$7.25 per square foot. If we were advertising the contemporary series it might drop as low as \$6.80 or more.

Q. Didn't you have one series at \$8.50?

A. Yes, we did.

Q. It seems to me you did.

A. Yes. We had various series at different prices. [13]

(Testimony of Frederick Millard Rameson.)

Q. What were your actual costs to build those houses?

A. According to my information and on what I base the sales business, on a minimum fee that we tried to establish in building a house was \$2500. In some cases we would charge \$200 gross up and above the actual cost of construction which would range anywhere from there up to \$5000 or \$6000.

Q. You had a cost accounting system out there, didn't you? A. Yes, sir.

Q. So you knew what your costs were in building houses? A. Yes, sir.

Q. How much per square foot did it cost you to build houses?

A. I never interpolated it into a square foot cost, so I am not prepared to answer the question without going through a division process in my mind. In the cottage series it was \$12,800. I never interpreted it in square foot cost.

Q. How much did it cost to build the cottage series house?

A. I believe the cottage series was 14.8 and I think we were hitting it close to 12.8 cost, according to the information I had available to me. [14]

Q. What about the other series?

A. I was supplied every Monday at our meetings with sheets from each of my divisions showing the original cost estimates of what a house was originally set up to cost with the estimated gross profit that the house was supposed to return. Each Monday I had each division manager submit in

(Testimony of Frederick Millard Rameson.)

writing to me at our meetings the exact status of that individual house as of that meeting so that I could compare those houses with how they were originally sold, on what basis they were originally sold. In addition to that, we had in our accounting system what we called an index quotient rating which was the relationship between the estimated cost of construction and the actual cost of construction. From this information, from those two media, the information I had at my disposal we were coming remarkably close to our estimated cost of construction, in our actual cost of construction of those houses.

Q. In other words, you should have been making some two or three thousand dollars in profit per house.

A. That is correct, sir, and I think I was.

Q. How do you account for this tremendous loss?

A. I frankly cannot, sir. You see, once I became aware of this situation occurring—I received the documents from the accounting department on a Friday after putting the pressure on them. They gave it to me. The balance sheet showed somewhere in the neighborhood of [15] \$80,000. That was the first time I was aware at all of any problem existing financially in our organization outside of the problem which we had since we started. We have always been operating close because it took a lot of capital.

(Testimony of Frederick Millard Rameson.)

Q. Had you ever given any financial statement to any corporation?

A. No, sir. I never gave out a financial statement to any one.

Q. You have been requested to, haven't you?

A. Sir, in the last 60 to 90 days we had been requested, I believe—well, specifically by two lending institutions to do so, but generally it was a general practice for some one to ask or request a financial statement, but we told them, every lending institution and every creditor we did business with, we told them why we did not offer a financial statement, because it would have shown undercapitalization; we were doing a big volume of business and did not have a great deal to start with. I told them that before we started business and they knew it.

Q. Did you give a statement to Dun and Bradstreet? A. Never, sir.

Q. Where did they get the figure they had?

A. A representative of Dun and Bradstreet would stop by the office every few months. We would sit down and talk about it, but I refused to give a statement to him, also. [16] We talked generally about the status of the business, how we were progressing. As a matter of fact, he was an interesting chap. He was interested in how the business was developing and what new units we were adding to the business. I refused to give them a financial statement for the same reason I did not give it to any one else.

(Testimony of Frederick Millard Rameson.)

Q. How often did you receive a statement of the business personally?

A. Apparently that was the thing I should have gotten sooner, but I didn't. I relied perhaps more than I should on this information. We set up the business with certain specific goals in mind. I felt we were meeting those goals and I should have or we should have—now, of course, we can see that we should have demanded financial statements much faster and much quicker than we actually had them given to us. Every day we were trying to improve our accounting system. As a matter of fact, we were very proud of our accounting system. In fact, just about all of the managers and vice presidents of the banks and lending institutions and our creditors—even Builders' Control—tried to set up a similar system. We were proud of what we were accomplishing and explained how we were doing it. We were gradually always improving that system and for one reason or another I did not specifically demand, I guess I didn't know enough to demand specific financial statements. [17]

Q. What was the fiscal year in which the partnership operated?

A. I believe it was when we started, sir.

Q. When did you last file an income tax?

A. It was August each year, I believe.

Q. When did you last file an income tax return?

A. I believe a year ago because I believe a few days prior to the—when all of this business came up was when we closed our fiscal year.

(Testimony of Frederick Millard Rameson.)

Q. What did the tax return reflect?

A. The tax return reflected a year ago, if my memory is correct, showed that we were \$27,000 in the hole, shall we say. We were of course very disturbed about it when that occurred, but we felt confident and I did not have a question in my mind that by the time we got that statement that we had already made a corrective change in the situation necessary to make the change because we were doing something in the neighborhood, I would say, of a quarter of a million dollars a month as far as volume is concerned even though we tried to account for the reasons of it having occurred a year ago, but we were confident that we made corrections to immediately bring it up above.

Q. Did you have your accountants compute any average overhead cost on these jobs?

A. I gave to the Accounting Department a budget that they were to operate on as far as each individual division [18] is concerned and the salaries.

Q. No. What was the percentage of your overhead with relation to your jobs? You said you were doing about a quarter of a million dollars in volume a month. What relation to overhead did that figure have?

A. We figured at the present time or at the time we were in operation at that stage of the development of the business, we tried to restrict the overhead to 50 per cent of our total gross income off of each job knowing that eventually we could

(Testimony of Frederick Millard Rameson.)

with the same degree of overhead of the personnel we were training——

Q. Excuse me for interrupting, but I want to get this straight. In other words, on the house you were talking about which cost \$12,800 to build you had a \$2000 cushion to take care of overhead?

A. We set that up as a minimum.

Q. You felt your overhead should not exceed \$1000 on a \$12,800 construction job or about 8 per cent?

A. That is what we tried to hold it to.

Q. Isn't it a fact in the construction industry that runs about 25 per cent overhead?

A. I don't know that to be a fact, sir.

Q. What were your personal drawings from the business during 1952?

A. During that year I believe sometime we finally worked ourselves up to where Bill and I were drawing \$1000 [19] a month. When we started we started drawing \$300 or \$400 a month and gradually worked it up. I believe finally almost all of the last year we were drawing \$1000 a month.

Q. Did you also have an expense account?

A. Not separately, sir. Once in a while there was an extraneous cost. When I built the swimming pool for my own house, my house was designed and used as a model home.

Q. Your house was built out of money from the partnership, was it not?

A. No, sir. The loan was scheduled to cover all of the construction. I have a \$15,000 loan on my

(Testimony of Frederick Millard Rameson.)

house. It was set up and based so that the lien would cover the full construction.

Q. How much did it cost to build your house?

A. I can't answer that at the moment.

Q. Isn't it true there were a lot of unpaid liens on your house?

A. Not on my house.

Q. Not on your house?

A. No, nothing on my house. That was completed a year ago.

Q. Isn't your house in Hidden Hills?

A. Yes. To my knowledge there were no unpaid bills on the house unless there may be a little financing, a matter of a few dollars of which I have no specific knowledge, [20] but to my knowledge there were no other liens on that house.

Q. Then I guess it is your brother's house that the liens are on. You say you don't know how much it cost to build the house?

A. Yes. That house we designed and was set to basically cost \$12,000 to build, but we were trying to be instrumental in the development of the area called the Hidden Hills. We developed quite an extensive advertising campaign based on a way of living in an acre and all that. It involved the building of stables, bridges, chicken houses and finally swimming pools. When I built the swimming pool the loan on my house was increased from \$12,000 to \$15,000 to cover the cost of the swimming pool. To my knowledge that house was built within its funds. At least it would not be sufficiently dif-

(Testimony of Frederick Millard Rameson.)

ferent from that to call it specifically to my attention.

Q. The partnership furnished you with automobiles?
A. That is correct, sir.

Q. What kind of car did you drive?

A. I drove a Ford, I believe a 1951 Ford, sir.

Q. Wasn't there also a Buick?

A. Not of mine, sir. As a matter of fact, I don't think the Buick was owned by the partnership, to my knowledge. I don't think the Buick was owned by the partnership. My brother owns a Buick in his own name, but I don't think [21] there was one in the partnership. To my knowledge there was not a Buick owned by the partnership.

Q. How many automobiles or passenger cars did the partnership have?

A. I believe our ultimate desire was to have one for each salesman, but I believe there were only two as far as automobiles, passenger automobiles were concerned the last time the business was operating. I believe Jack drove one, my brother drove one, and I drove one.

Q. How many trucks did the partnership have?

A. I can't answer that because that is a question for the Production Department. There were several. I don't know offhand. My brother will have to answer that question, sir, because they were all involved in production.

Mr. Slane: I will ask him about that then.

The Referee: Who handled the money? Who

(Testimony of Frederick Millard Rameson.)

was the treasurer? Did you have a treasurer in your organization?

The Witness: No, sir. We had a head accountant who handled it. The actual trucks were bought with no down payment.

The Referee: I am not talking about trucks. Who handled the money in the bank?

The Witness: Our controller, our head bookkeeper, sir.

The Referee: Was he under bond to you?

The Witness: No, sir.

The Referee: Do you know whether he got away with any [22] money or not?

The Witness: No, sir. I trusted him implicitly.

The Referee: I didn't ask you that.

The Witness: I don't know, sir.

The Referee: What is his name?

The Witness: Jack Conrad.

The Referee: How old is he?

The Witness: About 32. I want to qualify that. I worked right with Jack.

The Referee: He handled all of the money and was not under bond. Did any of these people who got you to build houses have a completion bond on the houses so that if you did not complete them the bonding company would?

The Witness: No, sir, we never did.

The Referee: Did you ever advise anybody that it would be advisable to do that?

The Witness: Whenever there was a question in anyone's mind we definitely advised them to go

(Testimony of Frederick Millard Rameson.)

through Builders Control which happened in some instances, but we felt we were in a condition where that was unnecessary, sir.

The Referee: Go ahead. The only smart people I have seen around here are the School Districts who require completion bonds and if the projects are not completed the USF&G completes them.

Mr. Slane: The State laws require it, Your Honor. I have long advocated a revision of the State Contractors' [23] Act of California which would require every contractor when he gets a license to pay a premium to the State Fund, but unfortunately we have been unable to get that legislation passed. If we did we would not be here as often as we are.

The Referee: Go right ahead, sir.

Mr. Slane: Q. Were any funds used to finish a house that were received from a financing institution for the purpose of building any other house?

A. Well, sir, that is a difficult question. Unfortunately, at least I can conclude now they were not kept separate one from the other.

Q. Were they all intermingled?

A. The funds were placed in basically one bank account when received from the jobs. I wish I had kept them separate.

Q. I notice on your schedule here you report some \$34,500 worth of outstanding wage claims. What do they represent?

A. They represent the last week or week and a half of production.

(Testimony of Frederick Millard Rameson.)

Q. Your payroll was that much for a week or a week and a half, \$35,000?

A. I believe that also included office payroll. Yes, I believe our construction payroll itself was somewhere around \$15,000 a week. [24]

Q. Your office was \$20,000 a month?

A. No, not payroll, sir. Our payroll, I think, was around \$10,000.

Q. For the office. You had 32 private offices out there, didn't you?

A. I never counted them. I didn't count the offices. We had several individual offices, yes, sir.

Q. Then you had a lot of secretaries?

A. Yes, sir.

Q. You had how many divisions altogether?

A. Five divisions, sir.

Q. You had an architectural staff and all the rest of it, so it must have been at least \$20,000 a month for the office payroll.

A. I don't believe so. To the best of my ability I think it was less than that.

Q. This \$35,000 approximately that you owed in wages was for the last week and a half or two weeks?

A. The majority of that is construction labor.

Q. Were checks outstanding for those wages?

A. Yes, they were, sir.

Q. In other words, you issued these checks without funds being available in the bank?

A. No, sir, that is not a correct statement, sir.

(Testimony of Frederick Millard Rameson.)

Q. What would be correct? The checks did not clear, did they? [25]

A. Before we issued the checks that were based upon that, as far as the ones that were issued, we contacted the lending institutions, the major ones. You see, once we knew there was any problem at all we refused to take in any more payments. In fact, we turned them back so that we were shut off immediately without any funds. It was suggested by the Receiver. You see, when I got the information on Friday, the following Monday immediately as soon as I knew the problem, I went to the two major lending institutions and laid all of the facts right clearly before them, and the following Wednesday, two days following, I laid all of the facts completely before the major creditors.

Q. You called a meeting of some eight or nine major creditors?

A. Yes. They had no knowledge of any problem just as the lending institutions did not, but as soon as I knew we were in a dangerous position I called them in and the creditors. The creditors formed a committee and upon their advice and counsel, in those few days we continued, we did not shut off production in the field which was not only our own decision to continue production, but it was also the general counsel of the creditors.

Q. That is not answering the question.

A. I am sorry.

Q. The question had to do with the issuance of payroll [26] checks that bounced.

(Testimony of Frederick Millard Rameson.)

A. I will finish answering that. I am sorry. We assured ourselves when we issued the batch of payroll checks that were stopped. I don't think they bounced.

Q. This payment was stopped so that the recipient of the check did not get the money?

A. That is right.

Q. There was no money in the bank to pay them?

A. That was not our general procedure.

The Referee: Answer the question directly. I think you talk too much.

Mr. Slane: Q. Was there money in the bank when you issued the checks to pay labor?

A. There was no cash in the bank.

Q. Another item in the schedules is taxes due the United States \$30,379. That represents primarily withholding tax, does it not? A. Yes, sir.

Q. How far back does that go?

A. Just that current quarter.

Q. Did you pay the second quarter of 1952?

A. We paid the last time it was due, sir.

Q. Were you depositing regularly with the bank as required by law the funds to take care of the withholding tax?

A. I understand that was not done in the two months [27] prior to this action.

Q. You ceased doing that as of July 1, is that correct? A. I don't recall exactly.

Q. There were no funds deposited for the third quarter? A. That is correct.

(Testimony of Frederick Millard Rameson.)

Q. Then you must have been aware of this condition that early, weren't you?

A. No. I was not aware of the fact that we were in financial difficulty.

Q. Didn't you think things were serious when you didn't put enough money away to comply with the withholding tax?

A. Unfortunately it was wrong, but the major reason we were cramped as far as working capital is concerned or capital turnover was concerned was because of the fact we took over too rapidly our own cement company, electric company, and other units that way, that we formerly operated on a subcontractor basis. We paid one bill in its entirety to a subcontractor and we took over several organizations ourselves and we had to pay out the dollars earlier, more quickly in the form of wages. We felt or I felt the cramped position we were in because of that was due because of that perhaps wrong business judgment in taking over these organizations too fast. [28]

Q. When did you buy the property where the business is located?

A. I don't recall the exact date, but it was approximately a year and a half prior.

Q. Do you recall how much you paid for that property?

A. I believe the land itself was \$87,000.

Q. How much did you pay down?

A. The original negotiations were based upon 10 per cent and increased to 15 per cent down.

(Testimony of Frederick Millard Rameson.)

Q. You paid down 15 per cent?

A. Yes, sir.

Q. Then you proceeded to build an office building?

A. After a period of time we proceeded to build an office building.

Q. Do you recall approximately what that cost you?

A. We built it in various stages. When we started our intent and purpose—well, directly answering your question I can't say exactly. I know approximately it ended up at about \$42,000.

Q. Some \$40,000. Then you also built a warehouse building?

A. That is correct.

Q. How much did that cost, approximately?

A. I believe around \$12,000. I don't know exactly because it went in stages of construction. We were only building it as we needed it. [29]

Q. Those funds were taken out of the business. There was no additional financing arranged to complete those buildings?

A. That is correct.

Q. At the time of bankruptcy you owed approximately \$71,000 on that property?

A. Yes, sir.

Q. Those were trust deeds held by Mr. Duff?

A. That is right, sir.

Q. You list in the schedules a considerable number of other trust deeds totaling some \$180,000. Here is one for example to Edwin Steinkamp for \$4000. Do you know what that would be for?

A. We bought several pieces of property from

(Testimony of Frederick Millard Rameson.)

Mr. Steinkamp without any cash consideration. We would take a second mortgage for the entire cost of the land.

Q. He would deed you the land, is that it?

A. That is correct, sir.

Q. Then you would go to the Cal Federal or some other financing institution and borrow on the first trust deed the estimated cost of construction?

A. That is correct, sir.

Q. After that was completed you would go back to the original seller and give him a second trust deed on the property?

A. They usually filed that directly following the transaction. [30] They filed it directly following the first. That was the general practice. They did not wait until title was finished.

Q. Title stayed in Rameson Brothers?

A. That is correct.

Q. At what basis was the figure for the evaluation of those lots?

A. That was a bargaining position between myself and Mr. San Campo.

Q. Was any outside appraisal of those lots made?

A. No, sir. I felt I was in a position to appraise the value of the property myself without subjecting it to outside appraisal.

Q. I notice one here for San Campo where you have \$10,500. Apparently that was what the lot was supposed to be.

A. Yes, sir.

(Testimony of Frederick Millard Rameson.)

Q. \$20,800 was Cal Federal. Apparently that was the cost of the building?

A. That is correct.

Q. A total of \$31,300?

A. That is correct.

Q. Who got the profit there? A. We did.

Q. San Campo did not? A. No. [31]

Q. I think this was a house on Stradella.

A. Yes.

Q. How did you arrive at the value of the lot to put the figure in here?

A. It was established not only from the physical value of the property, but also was valued according to the program we developed with Mr. San Campo. We were going to open two model houses together since he opened one on Stradella. It was a sales campaign, a construction relationship existing between Mr. San Campo and ourselves which put an intrinsic value on the location.

Q. That location may not have been worth \$10,000?

A. I think it was fairly worth \$10,000 and it would be subject to outside appraisal. It was a very fine piece of property.

Q. Mr. San Campo planned on making considerable profit out of that transaction? A. Yes.

Q. And his profit would have to be included in the second trust deed?

A. He always makes a profit, not considerable profit. He makes whatever profit he makes on the sale of each individual property.

(Testimony of Frederick Millard Rameson.)

Q. Do you have any idea what the lot cost Mr. San Campo?

A. I believe he bought the lot and completely subdivided [32] it himself. I have no knowledge of what the lot cost Mr. San Campo.

Q. How many of these speculative houses did you build?

A. I believe we had some eight under construction at the time.

Q. That was during the time of bankruptcy, but how many did you build prior and finish and sell?

A. We usually liked to keep three or four on an average under construction at any one time.

Q. That is not answering the question. How many were there? Would you say there were ten, twelve or fifteen?

A. I would say ten, sir.

Q. You would say ten? A. Yes, sir.

Q. What did your cost accounting show as to your profit or loss on the ten you previously built and sold on speculation?

A. I cannot specifically answer that question, sir, but most of them were built for two purposes. This should be relevant to your question. They were built not only for the purpose of making a profit on the house, but the primary purpose was to use the house as a model or illustration which might be experimentally valuable to us on the houses under construction that we could illustrate the different houses that we would sell on the market. [33]

Q. Wouldn't it be more valuable to you to make

(Testimony of Frederick Millard Rameson.)

a profit than to have a lot of houses sitting around? Actually isn't it true you didn't know whether you made a profit on any of these or not because you don't have the figures showing them in your records?

A. In my memory at this moment I do not, sir, but I presume they are in the records.

Q. You never sat down actually and analyzed a particular house and said that it cost \$24,000 and sold it for \$20,000 and got \$6000?

A. That is true.

Q. Compared each house and how much profit you received?

A. You are asking for information. For example, take the Fireside House. I am sorry, sir, but without looking at the figures that were exposed to me at the time, I can't carry the figures in my memory at the present moment.

Q. What is the normal ratio between the cost of the lot and the cost of the house which you put on the lot? In other words, there is a yardstick that is generally accepted in the construction industry, isn't there?

A. It is sometimes spoken of, but in our way of thinking and it seemed to me the general line of opinion in Southern California, especially in all of the districts we built in, that that yardstick applied throughout the country of 25 per cent was not applicable here. I believe [34] it was not basically applicable here. The value of property is usually higher in proportion.

(Testimony of Frederick Millard Rameson.)

Q. You are saying that you feel it should be more than 25 per cent? A. Not exactly.

Q. Of the total cost of the lot itself?

A. I am not saying it should be. I am saying it is the way it generally works out here now.

Q. Don't you think on a deal like this, up on Stradella, where a lot is \$10,500 and the house costs \$22,500, that is just about 33 per cent of the total project being in the lot?

A. Our normal sales price would be different. You are talking about cost and sales price.

Q. Do you know what it cost to complete that house? What would it cost to finish the house?

A. It should have cost \$20,800.

Q. You want the actual figures? \$34,500.

A. The cost of construction, sir?

Q. Yes, sir, taken from your own records.

A. I challenge that figure.

Q. I will tell you how the figures were arrived at, from your records showing what you paid out on the job in wages and material plus what the ledgers show to be unpaid bills on that job. There is an estimate of your superintendent that in order to finish the job it will cost \$34,500. [35]

A. That doesn't amount to the cost of construction.

Q. Oh, yes. That takes into consideration nothing for overhead.

A. I don't believe that is quite so, sir.

Q. It is taken from your records.

(Testimony of Frederick Millard Rameson.)

A. Mr. Johnson, is that a correct analysis of that particular set of facts?

Mr. Johnson: I don't have a breakdown of it. I don't have the sheets with me.

The Witness: We had a discussion in our office with regard to that particular set of facts and we concluded that was wrong.

The Referee: Before you started in business did you have any experience in building anything?

The Witness: No, sir.

The Referee: From a chicken coop on up to a kite? You started in without any knowledge of the building industry at all?

The Witness: I had built two or three houses prior, or a few houses actually prior to this.

The Referee: You mean you were employed by someone to build them?

The Witness: No.

The Referee: Did you finance two or three houses before?

The Witness: Yes, sir. [36]

The Referee: In other words, you started from scratch in this thing, apparently and didn't know anything about the building business and didn't know how to keep up with the financial status. Isn't that true? You sat there and took in money and didn't know what happened to it. All right, sir.

The Witness: We didn't know that was the case.

The Referee: That is the way it impresses me.

Mr. Slane: Q. What is your educational background, Mr. Rameson?

(Testimony of Frederick Millard Rameson.)

A. I went to Los Angeles High School, sir. I went to the University of Southern California. I took my undergraduate work before the war. I took my B.S. I was in the war approximately three years. Then I went back to the University of Southern California and took my Bachelor of Law degree.

Q. Did you graduate among the top five in your class?

A. I don't know if it was that high.

The Referee: What is that?

Mr. Slane: I understood he was one of the top five men in his class at the USC Law School.

The Referee: Were you admitted to practice?

The Witness: No, sir, I wasn't. At that time I had to make my decision. I had already started a little building prior to that time and I made my decision prior that building was my life work and I made my choice then, sir. [37]

Mr. Slane: Q. But you are a graduate of USC Law School? A. That is correct.

Q. As such you are familiar with the laws and procedures in general and with business transactions? A. Yes, sir.

Q. How about this boat that you had?

A. We bought a 25-foot '41 boat for \$2800 approximately with a little less than \$1000 down payment.

Q. Is it a Chris-Craft? A. Yes, sir.

Q. Was that bought by the partnership or by you individually?

(Testimony of Frederick Millard Rameson.)

A. It was bought by me individually, sir.

Q. What became of the boat?

A. We sold it as soon as we knew this situation was pending.

Q. The funds were turned over to the assignee?

A. Yes, sir.

Q. You got the purchaser, but the assignee actually sold it?

A. At the time the sale was consummated we were in assignment.

The Referee: Who was the assignee in this case?

Mr. Slane: Mr. James Dean of the Building Material Dealers Credit Association. He was temporary assignee. When the situation became apparent it was placed in bankruptcy. [38]

Mr. Taylor: By way of explanation, if the Court please, that lasted about a month, from about September 20 to October 20.

The Referee: The assignment?

Mr. Taylor: The assignment. Then they threw in the sponge and the involuntary proceedings started.

The Referee: It was about time for that sponge to come in from the way it looks here. Proceed.

Mr. Slane: Q. You had some approximately thirty private offices in the building you built?

A. They were divided up into quite a few different cubicles.

Q. Thirty different rooms?

A. I have not actually counted them, but there were quite a few.

(Testimony of Frederick Millard Rameson.)

Q. There were thirty-two, if I remember correctly. They were all furnished?

A. Yes, sir.

Q. Your offices were furnished with a very fine type of furniture, is that correct?

A. We thought it was good, sir.

Q. Exceptionally good. You had a beautiful lobby with a fireplace and you even had a fireplace in at least one of the private offices. Was that your office?

A. My brother Bill's office.

Q. And also a private bathroom for that office?

A. Yes, sir. It was rather an outstanding feat of architecture, we thought. Our purpose was to display the good quality of what we represented as far as building was concerned, which we felt was necessary in order to have good architectural design.

Q. As to your personal assets, Mr. Rameson, what personal assets do you have? You had this home in Hidden Hills or an equity in it?

A. Yes, sir.

Q. And the furniture?

A. Yes, sir.

Q. Did you have a car of your own?

A. Yes, sir.

Q. What kind of car was it?

A. It was a 1949 Ford, or 1950 Ford, I am sorry.

Q. That was your own personal car?

A. Yes, sir.

Q. Do you still have that car?

A. No, sir. That was in the individual name of my wife and myself and due to the fact that we

(Testimony of Frederick Millard Rameson.)

had hospital expenses something immediately had to be done about our equity in that car and it was sold.

Q. You used that money for living expenses?

A. Yes, sir.

Q. I believe you have a baby about eleven days old, is that correct? [40]

A. That is correct, sir.

Q. What other assets did you have personally?

A. I had none, sir. Everything I had was in the business.

Q. You had no stocks or bonds?

A. No, sir.

Q. Did you have a personal bank account?

A. Yes, sir.

Q. In what bank was it?

A. The same bank as the business account, the Security First National Bank at Pico and Oakmont.

Q. Did you have a safety deposit box?

A. No, sir.

Q. Any trust deeds? A. No.

Q. In your own name. I know some are listed in the partnership.

A. Just as a part of the partnership assets.

Q. Just in the notes listed in the partnership. They are the only notes you had any interest in?

A. That is correct, sir.

Q. Are you expecting any inheritances from any estate now in the process in the courts?

A. I have no knowledge of any, sir.

(Testimony of Frederick Millard Rameson.)

Q. You also had some horses, I believe?

A. That is correct, sir. [41]

Q. How many?

A. I had two, sir. They were bought on time. They were good horses.

Q. How much did you pay for them?

A. The total consideration was \$1800. They were Arabian horses. I had paid \$300 on them.

Q. Did you turn them back? A. Yes, sir.

Q. Did you have any other livestock?

A. A few chickens, sir, but that was all.

Q. Television? A. Yes, sir.

Q. Do you still have it? A. Yes, sir.

Q. Is it paid for? A. Yes, sir.

Q. There were some skilsaws that belonged to the partnership according to the records out there. Were they given to Jack Conrad?

A. I believe all the equipment was turned into Mr. Johnson and Mr. Sheedy, sir.

Q. These were not. They disappeared before they took possession.

A. I have no knowledge of any equipment not turned in. I thought it was turned in.

Q. What happened to the Ciota Pipe machine?

A. I am sorry I don't know what it is exactly.

Q. It is a pipe machine that cost around \$700. It was almost brand new. That also disappeared.

A. I don't know of the existence of it, sir.

The Referee: How old a man are you?

The Witness: Thirty years old, sir.

(Testimony of Frederick Millard Rameson.)

The Referee: When did you graduate from SC?

The Witness: Approximately three and a half years ago, sir.

Mr. Slane: Q. Among other things there was a typewriter, also, missing out there. Do you know where it might have gone. According to the records there is one typewriter missing.

A. I didn't know there was any equipment missing. I thought all the equipment was recovered.

Q. The missing equipment includes a typewriter, pipe machine and skilsaws. Do you know what they are?

A. Yes, sir, but I don't know of any missing equipment of my own knowledge.

Q. I don't mean to infer that you personally got it. A. I understand, sir.

Q. But do you know of anyone else who might have taken it?

A. No, sir. I have no knowledge of the whereabouts of any missing equipment.

Mr. Slane: I think that is all at this time from this [43] witness, Your Honor.

The Referee: You may stand aside. Whom do you want next?

Mr. Slane: I would like to call William Rameson.

Mr. Taylor: Your Honor, if you would permit me for one moment I would like to fill in this picture a little bit perhaps and by so doing save the Court's time.

The Referee: What is it?

Mr. Taylor: This office is just inside of the City boundary limit of Santa Monica and immediately abutting Olympic Boulevard. From the time that this assignment to the creditors started there was a marshal from the Municipal Court placed there by virtue of an attachment issued out of that court. As I understand it, he was there for about two weeks. Is that right, Mr. Slane?

Mr. Slane: I would say about ten days or two weeks.

Mr. Taylor: During that time he was at the front door while the back of this office was open and the warehouse under lock, but to which lock at least twenty-five people had the keys to. These items he mentioned are all that appear to have been missing from the personal property. As Your Honor knows, skillsaws are attractive implements to many people, and that includes me, but I didn't know about them at the time. I believe that will account for the fact that these few items are gone. I believe the inventory will show that there was perhaps \$30,000 worth of personal property [44] out there that was movable.

The Referee: In other words, twenty-five people had an opportunity if they had the desire to take these articles?

Mr. Taylor: That is correct.

Mr. Slane: Quite a number of these saws are on jobs.

Mr. William Rameson: That is what I would like to clarify.

WILLIAM W. RAMESON

having been first duly sworn, called as a witness on behalf of the Trustee, testified as follows:

Direct Examination

Q. (By Mr. Slane): Will you state your name, please? A. William Rameson.

Q. You are one of the partners in Rameson Brothers? A. That is correct.

Q. They are involved in bankruptcy?

A. Yes, sir. I would like to explain the situation about the skilsaws, if I may.

Q. Go right ahead.

A. The skilsaws were in their entirety out on various jobs. I guess there were approximately about 44 houses under construction. They were all in various stages [45] of construction. The men had the skilsaws out there as far as the designees were concerned, and as far as finding out about these things, with the difficulties the company was in, as you can well realize there was pandemonium as you know from experience considering the reactions that men have. Their reactions were: "Where is my money?" And they all came swarming in all at once. I tried my best to explain the situation and tell them everything about it. As far as the skilsaws are concerned, I firmly believe at the moment that quite a proportion of the skilsaws, if not all of them, are in the hands of the men by whom they were being used at the time. Those skilsaws are worth anywhere from \$50 to \$80 and the men's checks were all represented in terms of \$50 and \$80

(Testimony of William W. Rameson.)

or some figure like that. It is my feeling and belief that those men are retaining the saws more or less as security or to make sure they will get their check. They don't know anything about the law or the fact there is a court of law. All they know is they need their money.

The Referee: Are those things power driven?

The Witness: Those things are power driven. As far as they know, they got something in their hands. I can see their point. They say, "This guy owes me \$50 or \$80. I am going to keep the saw until I get a check and then I will turn it loose."

The Referee: They will have to turn them loose.

Mr. Slane: Q. Do you have any idea who those people might be? A. No, I don't.

Q. You have no personal knowledge where they went? A. No.

Q. As to the Ciota Pipe machine, what is the story on that?

A. That was brought to Rameson Brothers by Tom Donaldson. If there is any reimbursement to Tom Donaldson for the pipe machine I don't know about it. There may have been, but it is my belief he was never reimbursed for it. He brought it over for us to use.

Q. Your records show it to be the property of Rameson Brothers?

A. I don't know how it got that way, but at the time he brought it over there the personal conversation that went on at the time was that he was bringing it to us to use.

(Testimony of William W. Rameson.)

Q. What is the exact status of Tom Donaldson?

A. Tom Donaldson was a separate subcontractor, but if you want to turn it around—we had the union to watch out for; we didn't want to offend the union, we didn't want to offend the State, and we tried to find a middle road, and the best way to find a middle road was to hire Tom Donaldson as a separate subcontractor, but instead of giving him something for this size job and something for [47] that size job, inasmuch as we had various jobs under construction, we decided to pay John off per month.

Q. Wasn't he to receive a percentage of the funds as profit?

A. To my knowledge that never existed.

Q. The accounts with the wholesale company were listed under Rameson Brothers and Donaldson, is that right?

A. Yes. That was because the wholesale plumbing supply houses will not sell to a general contractor.

Q. That is right.

A. But they will sell to a plumbing contractor. A plumbing contractor, in case his credit is no good, can get the general contractor's name to go along with. So the way the whole thing ended up was that everybody was satisfied, the union was satisfied, the State was satisfied, the wholesale plumbing supply houses and Tom Donaldson were satisfied if we charged it to Rameson Brothers and Tom Donaldson.

(Testimony of William W. Rameson.)

Q. You understood, of course, that Tom Donaldson's credit was no good?

A. No, but I knew also he had some bills to pay. I thought he was paying off the bills.

The Reference: Was he a union boss?

The Witness: Not that I know of.

Mr. Slane: Q. He was a master plumber, is that right? A. That is correct. [48]

Q. He had union plumbers working for him, is that right? A. That is right.

Q. But he himself was not a member of the union. Well, you don't know the answer to that, but you can't be a member of the union if you are a master plumber.

A. You know more about that than I do.

Q. Is your brother's version substantially correct about the boat? A. What is that?

Q. About buying the boat?

A. We had a boat that we were supposed to use for entertainment of customers. That was the reason the boat was bought. A lot of these things you speak about may seem to be extravagant in some cases, but you have to do it if you want to sell 44 houses every month.

Q. Approximately how much were you spending a month for advertising?

A. You are going out of my precinct.

Q. In other words, you did have a regular monthly statement, a profit and loss statement that broke down the various items, so much for advertising, so much for entertainment, and so on?

(Testimony of William W. Rameson.)

A. My job was to build houses and to build houses on the money allotted for that purpose.

Q. Did you build them with the amount of money [49] allotted for that purpose?

A. I think I did a very good job of building with the amount of money allotted for them.

Q. How do you account for this tremendous deficit?

A. Because you picked one house that was an experimental job. If you will check through the records on the majority of houses you will find I did build them for the actual amounts. I am talking about the actual money that went to pay the plasterer, for lumber and plumbing. I am not talking about the amount of money it took to put them in the paper. I am talking about the money for plastering and plumbing, and I did exactly that.

Q. You are saying that your actual construction was pretty near a break-even deal and that the loss came about by all of this expensive front?

A. Inasmuch as I am on the stand, I don't want to make a statement as to what I think it is because I really don't know what it is. I am in exactly the same boat. I know what Fred said on the stand. We were unaware we were in the hole. We thought we were doing a good job. All of a sudden when we found out we were not doing a good job we immediately did what we thought was right and honest and immediately notified all parties concerned.

Q. How many houses did you have under con-

(Testimony of William W. Rameson.)

struction or unfinished at the time of this assignment?
A. Approximately 44. [50]

The Referee: Q. To what degree of completion would the average be, one-half?

A. About half.

Q. About half?

A. We were just going right along as we were supposed to do as far as construction was concerned.

Q. What would be the average cost of completion?

A. The average cost of the houses would probably run in terms of about \$17,000 or \$18,000.

Q. Not one of them had a completion bond on it?
A. That is correct.

The Referee: What is next, Mr. Slane?

Mr. Slane: Q. I take it your testimony would be approximately the same to every one of the questions I asked Fred?
A. That is correct.

Q. Therefore I don't feel it is necessary to ask you a lot of those questions.
A. Thank you.

Q. Did you have any dealings directly with the financing institutions yourself?

A. I knew enough to say "Hi, Dick."

Q. Did you sign any of the papers necessary to secure the release of any funds from any of the financing institutions?

A. To my knowledge and belief I don't know.

Q. You don't remember signing any?

A. I don't know. I might have.

(Testimony of William W. Rameson.)

The Referee: Q. How much did these finance companies charge you as interest, do you know?

A. I don't know the answers on financing.

Q. Do you know whether or not any of them charged you a bonus?

A. I am sorry, sir, I don't know that. I don't know anything about it.

Q. One of the biggest firms in town—you hear them on the radio every fifteen minutes—someone was in my office recently and told me they wanted him to pay 6 or 8 per cent bonus on \$8000 or \$10,000.

A. I see what you mean. No, we never paid any bonus that I know of.

Q. He took his hat and coat and went out.

A. No. I will say this, the financing institutions have been very fair, as far as I know. They wanted our business and we wanted theirs. Everything has been mutual. This whole thing just exploded.

Q. I signed a check yesterday for one loan company for 18 per cent on a \$5000 loan.

A. I believe all of our financial arrangements have been in accordance with what is considered strictly on the up and up.

Mr. Slane: We find no evidence of any bonus being paid [52] in these cases, Your Honor. If it was then it was done in a manner not reflected in the records. I don't think there was any in this case.

The Referee: I am sure I don't know. I am telling you what my friend told me.

(Testimony of William W. Rameson.)

Mr. Slane: Q. Getting back to your personal assets, Mr. Rameson, what did you have personally at the time you filed your personal bankruptcy? Did you have your home in Santa Monica?

A. My home in Santa Monica, that is correct.

Q. That is not free and clear?

A. That is not free and clear.

Q. There is a trust deed against it?

A. Yes.

Q. You have a few liens against it?

A. I believe the amount against the home is approximately the value of the house.

Q. Was money taken out of Rameson Brothers to do that construction work, remodeling job, or did it come out of personal funds?

A. There is a large degree of that which came from the sale of my house over in Leimert Park.

Q. Which you had previously owned?

A. Which I had previously owned long before I even went into the business or anything else.

Q. What was your business or occupation prior to the [53] formation of this partnership?

A. Engineering, sir.

The Referee: What sort of engineering?

The Witness: Aircraft engineering, designing.

Mr. Slane: Q. You had been employed by one of the aircraft companies for a number of years?

A. North American, ten and a half years.

Q. You saved up money in order to own your own home? A. Well, I was hoping to.

Q. You were hoping to?

(Testimony of William W. Rameson.)

A. That is correct.

Q. You put some money into this transaction to start this partnership?

A. That is correct.

Q. How much did you put in, do you recall?

A. No, I don't recall. The reason neither my brother nor myself recall is because it was not like buying a business. It was putting in a few hundred dollars now and putting in a few hundred dollars later. The records of the company should show how much each one of us put in.

Q. In addition to your home in Santa Monica, you have the normal household furnishings, I suppose?

A. That is right.

Q. Did you have an automobile?

A. Yes, I had an automobile. My wife and myself had an automobile. [54]

Q. You had a car belonging to Rameson Brothers?

A. No. I had a car that belonged to William W. Rameson.

Q. Yourself personally?

A. For which I had paid for out of my normal take-home drawings.

Q. What kind of a car was it?

A. A 1950 Roadmaster bought secondhand.

Q. Buick?

A. Yes.

Q. That is where the Buick came in. Do you still have that car?

A. No, sir, I don't have that car. I am sorry. We had two Buicks. One is a Roadmaster and one is a Special. The Roadmaster was in my wife's

(Testimony of William W. Rameson.)

name and myself, but the Special was in my name alone. That Special was turned over to the bankruptcy deal for liquidation in cash, I believe, in this Court, although I am not sure.

Q. The other car belonged to you and your wife?

A. The other car belonged to my wife and myself, but inasmuch as I had no income since October, I had no money and I had to have money to live on while the assignment was going on. The peculiarity of a partner is that he has to be around to help out and can't get money either, yet with four children and a family I had to have money to live on. That is where it went. [55]

Q. Did you sell the car or did you borrow on it?

A. I borrowed on the car before bankruptcy.

Q. Before the bankruptcy was filed?

A. That is correct.

Q. Do you still have the car? A. No.

Q. You sold it?

A. Oh, yes, I sold it. There was only about \$200 equity in it. I was living on the amount of money borrowed.

Q. What other assets do you have?

A. The amount of assets I have, as far as I know I have them all listed. I am trying to think. I don't own any stocks or bonds.

Q. Any savings accounts?

A. No, nothing in respect to anything like that which you would normally pick up except I am trying to live.

Q. Do you have some acreage?

(Testimony of William W. Rameson.)

A. I am sorry. I have that. I will turn it over to you.

Q. About seven acres? A. That is right.

Q. Where is it located, in Calabasas?

A. In Calabasas on Ventura Highway.

Q. What is the estimated worth of that?

A. It is hard to estimate its worth inasmuch as I paid \$5,750 for fourteen acres of property. [56]

Q. \$5,750?

A. Approximately. I use the word approximately as long as you have me up here. \$5,750 is what I think it is. The State came through and cut off 7 acres when they put a road through.

Q. It is right on the new highway?

A. It is right on the new highway. So what is it worth?

Q. I don't know myself.

A. I don't know either.

Mr. Taylor: They cut through it and raised the highway so that the land is down below the highway and half of it is gone. That is why it was put in the assets. It is hard to estimate. I will have to be guilty of that, Your Honor.

The Referee: If they keep on building freeways there will be no houses left.

Mr. Slane: Q. You probably got adequate compensation from the State of California for taking 7 acres of your land?

A. Yes, but I think you will find that compensation was in the company assets.

Q. In other words, when you got that money

(Testimony of William W. Rameson.)

from the State you put it into Rameson Brothers Company?

A. You will find that is where it ended up.

Q. Do you remember how much you got from the State. [57] With your stepfather being an attorney, you must have done all right.

A. We didn't do very good. It was somewhere about \$3200. Then it ended up where I got about \$4200 or \$4500. I don't want to say exactly because I don't remember. It was running back and forth from nothing to \$4000 or \$4500.

Q. Do you have any other assets that you recall? Do you have any notes or trust deeds?

A. I have nothing like that.

Q. Except the ones listed as partnership assets?

A. I have nothing, sir.

Q. Do you have a bank account?

A. I never had a chance to raise money. I had another baby. I have four children now.

Q. Do you have a bank account?

A. Yes, but it was immediately depleted in trying to live.

Q. What bank did you have the account?

A. Security First National, West Adams Branch. It was \$200 or \$300, something like that.

Q. Is that the only bank account you or your wife had?

A. That is the only bank we did business with so that the bank accounts can be found there.

Q. Do you have any life insurance? [58]

A. I have life insurance which I took out ap-

(Testimony of William W. Rameson.)

proximately two or three months before all this happened. I had some life insurance at North American which became null and void because it was group insurance. When I transferred out of North American I had to refinance my insurance with another firm. I took out an insurance policy there so that policy is only the age of the business itself. Then the insurance man tried to figure out with me three months before this how to do it, so he lined up the insurance and the insurance company is listed on my insurance deal. Due to the youngness of the insurance policy the insurance equity or whatever you call it, the cash-out value, was negligible.

Q. How much insurance do you have?

A. I don't know what it is in dollars and cents. What I had the insurance policy carrier do was to hook it up so that dealing altogether in the basic insurance it would amount to \$400 per month for life if I should die for my wife and the children.

Q. Was it \$40,000 worth or how much?

A. I was never informed of the total value. I bought it strictly in accordance with how much it was per month.

The Referee: Do you pay an annual premium on it?

The Witness: I pay monthly or I had it bi-monthly. The reason I am not sure of the answer is because my wife [59] knows about the policy. She pays our bills. I don't pay the insurance. We recently had it changed to monthly.

(Testimony of William W. Rameson.)

The Referee: What is the limit now, seven and one-half? Didn't they raise it recently to \$700 or \$750? Some of you lawyers should know the answer to that.

Mr. Slane: I can't answer that question. I should know, but I don't.

The Referee: Will your annual premiums equal \$500 a year?

The Witness: They are more than that.

Mr. Taylor: The difficulty is this, and the reason the list was made as it is, Your Honor, most of this is term insurance and it has no cash or surrender value.

The Referee: That is another story. I thought the Legislature raised the limit to \$700.

Mr. Taylor: They raised the homestead to \$7500.

The Referee: That is correct. They are raising everything except our salaries.

Mr. Slane: Q. Did you borrow \$10,000 from your father-in-law right at about the time of bankruptcy?

A. As far as that \$10,000 is concerned we tried to see what we could do about alleviating the situation right at the last, right at the very last, I mean when we were aware of the thing, at the same time we called the assignee in and all that. My father-in-law offered to loan me that money. When I found out it would do no good we [60] returned the money.

Q. In whose possession was the money at the time the bankruptcy was filed?

(Testimony of William W. Rameson.)

A. The money was never actually reached—it never reached me or the partnership.

Q. You mean you never received it from your father-in-law?

A. I never actually got the money.

Q. What do you mean by actually? Will you explain that?

A. The money was put into trust, trying to be helpful.

Q. Where was the money placed in trust?

A. The money was placed in trust with my lawyer.

Q. Do you mean Mr. Taylor? A. Yes.

Q. When did he receive the \$10,000?

A. That I can't answer.

Q. Was it the day of bankruptcy?

A. I don't know whether I can really answer that question.

Q. You don't know when he got it?

A. I am sorry, I don't know.

Q. You don't know?

A. That is something I don't know the exact date.

Q. You should know the answer to it, Mr. Rameson. [61] A. I just don't remember.

Q. I am trying to clear it up.

A. The money didn't actually arrive to my control at any time.

Q. But the money was placed with Mr. Taylor?

A. To see if he could do something to help.

(Testimony of William W. Rameson.)

Q. Was there any written document in connection with it?

A. The only written document made in connection with that was the second trust deed that was put in to guarantee it in case it had to be used and when it was found out it could not be used——

Q. What property was that second trust deed on?

A. That second trust deed is against my property.

Q. The house where you now live?

A. That is right. That second trust deed was immediately removed as soon as it was found out it wouldn't do any good. In other words, it was cancelled out.

Q. When was the money returned to your father-in-law?

A. (No answer by the witness.)

The Referee: Do you know the answer to that?

The Witness: I don't know.

The Referee: He says he doesn't know.

The Witness: I am trying to build up a fabrication—I will take the word out of the record. That is not a fabrication. I am trying to answer the question as best [62] I can.

Mr. Slane: Q. Do you know if it was before or after the filing of the bankruptcy?

A. I don't know, I am sure.

Q. We can get that from Mr. Taylor, but the money was turned over to Mr. Taylor for your use?

(Testimony of William W. Rameson.)

A. No. Wait a minute. I want to get the right word.

Q. What were the instructions to Mr. Taylor, if you know? A. I don't know.

Q. Was there a transaction with your sister-in-law or your brother's sister-in-law?

A. My sister.

Q. Your sister?

A. My sister has a full-fledged second trust deed on my brother's house which was put there and the money was put into the business to try to do some good.

Q. How much was that? A. \$10,000.

Q. When was that loan secured?

A. That was all done before the entire transaction. It was done before bankruptcy. It was done right at the very minute or right at the time we were trying to do some good at the beginning of the assignee.

Q. In other words, some time in September?

A. Yes, it would have to be in September because that [63] was when we were trying to do some good.

Q. You called the first meeting about the 9th or 10th of September. I don't remember the exact date.

A. I don't know the date of it, but it was all in accordance with the way it should be there.

Q. You actually received from your sister \$10,000?

A. It was immediately used to pay bills.

(Testimony of William W. Rameson.)

Q. That was put into the company bank account?

A. That was put into the company bank account. It should show by deposit in the bank account when the \$10,000 was deposited, as of that date.

Q. It was her personal check?

A. Well, I think so. I don't know. Anyway, the money came from her.

Q. So that we can identify it on a deposit slip.

A. It should be an even amount of \$10,000.

Q. What is her name?

A. Mrs. John Hull.

Q. I believe the record does show such a trust deed in existence. Are you familiar with what happened to the typewriter and some of the other things?

A. Inasmuch as I have been in and out, you know from your experience I have been in and out trying to help where and how I could. The typewriter, I think, has been filched.

Q. In other words, you think somebody borrowed it?

A. I think somebody permanently borrowed it, but I [64] don't know who.

Q. Do you know what happened to the fireplace equipment in your reception room out there?

A. I don't know.

Q. That disappeared during the time the marshal was in charge, is that right?

A. I don't know whether it disappeared. I don't know whether you even sold it. I know the type-

(Testimony of William W. Rameson.)

writer was stolen because I was asked about it.

Q. It was not there when the Receiver took possession of the property and it was there the day before.

A. I didn't know anything about the typewriter. I think the typewriter has been physically stolen.

Q. Were there any building material supplies or plumbing supplies taken down to your place from the plant there?

A. Yes. The supplies that were taken down from the plant are some degree of pipe mentioned and it is sitting out in the front yard untouched, the way it was. It was assigned to the house to put in a sprinkling system.

Q. Are there any other fixtures such as bathtubs or anything like that?

A. No. I have in my possession at the moment a broken toilet, broken on arrival at my place for installation in my house. I mean it was broken in the package. I don't know where they got it from, from Crane, Lord and [65] Babcock or Which-ama-doodle. I still have the broken toilet in the crate.

Q. You don't know who broke it?

A. It was broken on arrival.

Q. You should get credit for it or the bankruptcy estate should.

A. That is right. It is still sitting there in the package.

Mr. Slane: I believe that is all. There were some other attorneys who said they were going to be here

representing other creditors for the purpose of examination, but they are not here. I think we should continue this to give them an opportunity at a future time to come in and examine these people.

The Referee: I have quite a heavy calendar. These attorneys had notice of it. If they came in they would probably go over the same ground you have.

Mr. Taylor: May I say something, Your Honor?

The Referee: Yes, sir.

Mr. Taylor: As Mr. Slane can state, there were at least two very large meetings attended by two or three or more hundred creditors. At one of them we had about 300 creditors. We thrashed matters out officially then. As I said before, there was an assignment which took up approximately a month in time and they were all apprised of these matters.

The Referee: There will be no continuance. I have too much to do to wait on dilatory attorneys. Do you want to ask Mr. Taylor about the \$10,000?

Mr. Slane: Yes, Your Honor.

PAUL TAYLOR

called as a witness on behalf of the Trustee, having been first duly sworn, testified as follows:

Direct Examination

Q. (By Mr. Slane): Mr. Taylor, you are an attorney at law? A. I am.

Q. You represent the Bankrupts in this matter?

A. I do.

Q. Are you familiar with the \$10,000 transac-

(Testimony of Paul Taylor.)

tion which was referred to a moment ago by Mr. William Rameson? A. I am.

Q. Will you tell us just what that was?

A. At the time this assignment was just about either to be made or in the process of making or immediately effective, there were threats of physical violence against these two brothers. Mrs. William Rameson went to her father and procured in a hurry a loan from him, witnessed by a note for \$10,000 and secured by a second trust deed upon the property, and with knowledge of the prior \$22,500 trust deed,—which sum of money was by her in the form of [67] a check delivered to me and by me with her father-in-law's instructions put into a trust for the purpose of preventing violence, if it was necessary to prevent violence by payment of some labor claims for the men whose checks had been stopped. The payment had been stopped by them upon my advice in order that further evil might not flow from their being cashed by third parties.

Q. I believe on one afternoon when I was out there there were some 20 men in a pretty angry frame of mind?

A. That is correct. It was a secondary appearance to the matter which we are speaking of. When I found No. 1 that there would be no violence, and No. 2 it would not be necessary for use on bail or unlawful bail if there should be imprisonment, following my instructions from the loaner, I procured a reconveyance and paid him back the money by

(Testimony of Paul Taylor.)

delivering him a cashier's check for that amount.

Q. In other words, in your opinion title to that money never passed to William Rameson?

A. No, it did not.

Mr. Slane: That is all I have.

The Referee: All right, gentlemen. That is all.

(Which was all the evidence offered and received at the time and place aforesaid.) [68]

[Endorsed]: Filed October 5, 1954.

In the District Court of the United States, Southern District of California, Central Division

[Title of Causes Nos. 55,190, 55,191, 55,062.]

REPORTER'S TRANSCRIPT OF HEARING ON OBJECTIONS TO DISCHARGE

Tuesday, Aug. 31, 1954, at 2 o'clock p.m.

Before the Honorable Hugh L. Dickson, Referee in Bankruptcy.

Appearances: for the Trustee and Objector: Slane, Mantalica & Davis by Harold A. Slane and David T. Stockman. For the Bankrupts: Paul Taylor and David Sosson. For Objecting Creditor: Most, Richard & Lincoln by J. Cooper. [1*]

* Page numbers appearing at top of page of original Reporter's Transcript of Record.

The Referee: Now what about the objections to discharge?

Mr. Slane: If I may be heard, your Honor, our basic objection to the discharge, filed on behalf of the Trustee, was on the fact that there was a complete or almost complete total failure on the part of these two partners to explain or to satisfactorily explain what had happened to all of the funds received out there, and to explain what had actually gone on that precipitated this tremendous amount of money that they owed all of a sudden, so to speak.

I would like to refresh your Honor's memory briefly concerning the testimony of Frederick Rameson and William Rameson by referring to an examination conducted by myself, held in this courtroom on January 7, 1953, which is a part of the record here, and refer your Honor particularly to page 11, starting at line 16, where your Honor made this comment, or asked this question:

"How do you account for that loss, however, much or little it might have been?"

Mr. Frederick Rameson was the witness and he answered:

"I believe it was relevant to establish the fact that it was relatively smaller than suggested.

"The Referee: Assume it was \$100,000, tell us how [2] you account for having lost that much.

"The Witness: Frankly, sir, I cannot account for it. When I was exposed to the information, when I received the first balance sheet that I had any knowledge of whatsoever the fact that our busi-

ness lost any money, let alone not being in the financial status that I thought it was, I have the date in my pocket, I believe it was the first part of September when my accounting organization finally gave me the figure and it was the first time to my knowledge according to my concept that we were in a position that was in a financial bankruptcy stage.”

Then going on to page 37, still referring to Frederick Rameson’s testimony at that time, starting in with line 1:

“The Referee: In other words, you started from scratch in this thing, apparently, and didn’t know anything about the building business and didn’t know how to keep up with the financial status. Is that true? You sat there and took in money and didn’t know what happened to it. All right, sir.

“The Witness: We didn’t know that was the case.

“The Referee: That is the way it impresses me.

“Mr. Slane: Q. What is your educational background, Mr. Rameson?

“A. I went to Los Angeles High School, sir. I went to the University of Southern California. I took my [3] undergraduate work before the war. I took my B.S. I was in the war approximately three years. Then I went back to the University of Southern California and took my Bachelor of Law degree.

“Q. Did you graduate among the top five in your class?

“A. I don’t know if it was that high.”

I give your Honor that particular quotation be-

cause it shows the background of educational experience that Mr. Rameson had and therefore he should certainly be a person who should be able to account in some manner for the loss of funds.

If you will go through his testimony you will find time after time I was trying to pin him down to find out how these lawsuits came about. It always came to the same conclusion, "I don't know." There was no way in which we could pin down the two partners as to just what had happened there.

A little later on we will produce testimony with regard to the records. The records we will show were in such a condition as to make it almost impossible for the Trustee to find out the true condition of the business. It took a lot of work and a lot of time.

I would like to pay tribute to Mr. Taylor because he did give us 100 per cent cooperation in trying to reach that information. [4]

Now going through to the testimony of William Rameson, page 50 at line 13, where I asked the question.

"Q. You are saying that your actual construction was pretty near a break-even deal and that the loss came about by all of this expensive front?"

We were talking about these 25 or 30 odd private offices out there.

The Referee: I remember it.

Mr. Slane: He answered, "Inasmuch as I am on the stand, I don't want to make a statement as to what I think it is because I really don't know what it is. I am in exactly the same boat. I know what

Fred said on the stand. We were unaware we were in the hole. We thought we were doing a good job. All of a sudden when we found out we were not doing a good job we immediately did what we thought was right and honest and immediately notified all parties concerned."

Then we went into testimony on the cost of the construction of these houses. There again we got a lot of evasive answers which did not pin down exactly what those costs were, although from our examination we had determined what the costs were. They were running far in excess of what they were contracting to do the jobs for. We were unable to obtain any information on that particular point.

On page 51 of his testimony I asked the question, "I take it your testimony would be approximately the same to [5] every one of the questions I asked Fred?" His answer was, "That is correct." In other words, he reaffirmed all of the matters which Fred testified to as being his answers. So we were left without any lead or guide as far as the partners of this concern were concerned as to what had been the real cause of the problem and where all of the funds had gone to. We can produce testimony concerning the records by their auditor, who is in the courtroom today.

Our objection primarily is based upon the failure to explain what happened in the course of the conduct of that business, the complete helplessness of the management of this concern which, if your Honor recalls, there could have been liabilities exceeding a million and a half dollars here, contingent

liabilities of finishing up contracts. However, we were fortunate in wiping out a lot of past litigation. They had taken a tremendous amount of funds directly or indirectly from individuals who had pledged or transferred their lots to them on which to build houses, financed through various financing institutions. Those funds were not segregated job by job. They were dumped into a common fund. There was no way of tracing or checking as to where the funds from "X" house went, whether they went to pay the bills on "X" property or "Y" property. The accounting was not set up in a way that you could trace where these funds went. So it was an impossible situation both from the standpoint of the Receiver and the Trustee, and for our office [6] and for the people who had entrusted them with their properties. As I recall there were seven or eight lots which had been transferred to the Ramesons. All of those matters had to be cleared up and it was a very difficult task to run them down.

Personally I feel that men who conduct their business in this fashion with a total disregard for the normal practices of keeping records to establish the proper facts in a case of this kind should not receive the bath that the Bankruptcy Court gives in a discharge. I feel a man has a responsibility that has not been performed here. The brothers have not performed it and they should not at this time be discharged.

Mr. Stockman from my office has some further evidence that he wants to put in on another point

along with this same general line with regard to the opposition to the discharge.

The Referee: Call your first witness, Mr. Stockman.

Mr. Stockman: The Trustee would like to substitute in and adopt and prosecute the objection as made on behalf of Jarmulowsky. Mr. Cooper is here from that office. It is quite satisfactory that we prove up this objection.

The Referee: Let's go ahead.

JACK CONRAD

called as a witness on behalf of the Trustee and Objector, being first duly sworn, testified as follows:

Direct Examination

Q. (By Mr. Stockman): What is your name?

A. Jack Conrad.

Q. Your occupation, Mr. Conrad?

A. Accountant.

Q. Did you formerly work for Rameson Brothers?

A. Yes, sir.

Q. Can you give us the approximate period of your employment? When did you begin?

A. July of 1950 through August, 1952.

Q. Did you not also work, after the petition in bankruptcy was filed, under the auspices of Mr. Goggin?

A. Yes. I was employed by the Receiver in Bankruptcy for approximately two months.

Q. What was your position with Rameson Brothers?

(Testimony of Jack Conrad.)

A. Bookkeeper in charge of the accounting office.

Q. You were the head of the Accounting Department? A. Yes.

Q. Mr. Conrad, to the best of your knowledge, was it the practice of Rameson Brothers to write checks in advance, thereby creating at times book overdrafts?

Mr. Taylor: I want to object to the question on the ground it is complex. It embodies the conclusion of the pleader and cannot be answered by the witness.

The Referee: I don't think so. The objection is overruled. [8] What is your answer?

The Witness: Yes.

Q. (By The Referee): In other words, they would draw checks in advance, which would create a shortage or overdraft in the bank?

A. Correct.

Q. Is that right?

A. It created a book overdraft.

Q. A book overdraft? A. Yes.

The Referee: All right, sir. What is your next question?

Q. (By Mr. Stockman): Mr. Conrad, did the firm of Rameson Brothers keep an accounts payable ledger? A. Yes.

Q. Did they keep an actual ledger or file of bills payable?

A. A Cardex System which was posted through a Burroughs Sensomatic.

(Testimony of Jack Conrad.)

Q. These are the actual bills themselves that were indexed?

A. No. They were actually posted on ledger cards.

The Referee: Is that the ordinary and regular way of keeping books?

The Witness: There are two systems more or less commonly used. [9]

The Referee: Is that commonly used?

The Witness: Yes, it is commonly used in organizations having a large volume of accounts payable.

Q. (By Mr. Stockman): You previously stated checks were prepared in advance. Now I will ask you at what time were the bills posted as paid, when those checks were drawn or when actually the bills were paid?

A. When the checks were drawn.

Q. When you worked for Mr. Goggin after the filing of the petition in bankruptcy did you find bills marked paid that in fact were not paid?

A. Yes.

The Referee: Who marked them paid, do you know that?

The Witness: They were marked paid automatically upon the disbursement of a check.

Q. (By Mr. Stockman): Mr. Conrad, at times were checks given to creditors and bills marked paid before those checks cleared? A. Yes.

Q. Were there ever any agreements with creditors-suppliers, orally, or in writing, not to cash

(Testimony of Jack Conrad.)

these checks until further word from Rameson Brothers? A. Yes.

Mr. Sosson: That is objected to as calling for a conclusion.

The Referee: If he knows. Do you know that of your [10] own knowledge?

The Witness: Yes.

Mr. Sosson: We should have the specific creditors, dates and amounts.

The Referee: Sir?

Mr. Sosson: This is a question that calls for a conclusion on the part of the witness.

The Referee: If he knows it. If he heard the Ramesons ask Bill Jones, a creditor, not to cash a check, I wouldn't think it was a conclusion.

Mr. Sosson: He can identify them.

The Referee: Did you hear them, sir?

The Witness: Yes.

The Referee: Objection overruled. It is not hearsay if I hear you say, "Hello, Tom Brown." What is the next question?

Q. (By Mr. Stockman): Mr. Conrad, how often were balance sheets prepared for Rameson Brothers in your period of employment?

A. Formalized? You mean the conventional type of balance sheet?

Q. Yes.

A. There was a balance sheet prepared by the certified public accountant at the close of the taxable period prior to the petitioning in bankruptcy which I believe—there was a fiscal year involved.

(Testimony of Jack Conrad.)

I don't remember exactly [11] the date and the proximity of the time between that date and the filing of the bankruptcy, but I would estimate myself that from that point forward there were perhaps one or two balance sheets prepared, but they did not tie in exactly with the general ledger accounts. They were based on a different type of statement more along the line of a pro forma type of statement.

Q. At best, were balance sheets prepared infrequently and perhaps for tax purposes?

A. The conventional type of balance sheet was infrequently prepared.

Q. Was there a chart of some sort or another on the wall in Fred Rameson's office showing work in progress and perhaps how far along the work was?

A. Not in his office, no.

Q. Was there one? A. Yes.

Q. Where was it located?

A. The chart to which I believe you refer is a chart which denoted physical progress, construction progress made on the jobs. That chart was in the office of the Construction Control Department.

Q. What was the purpose of that chart? Was it to show the work in progress and how far along it was?

A. The chart was for the purpose of scheduling construction operations. [12]

Q. Would you say this business was run not only from this chart but in general on a basis of projection accounting rather than the firm being guided

(Testimony of Jack Conrad.)

by balance sheets and income statements periodically prepared?

Mr. Sosson: That is objected to as calling for a conclusion of the witness.

The Referee: Presumably this man is an expert bookkeeper. The objection is overruled. You may answer the question.

The Witness: It would be in a sense an answer of speculation. However, I do believe in my own mind.

Mr. Taylor: Wait a minute. I object to any further answer.

The Referee: You need not answer if the matter is speculation. Objection sustained. What is the next question?

Q. (By Mr. Stockman): In the business transactions with loaning institutions was it necessary to execute affidavits in order to receive progress payments?

Mr. Taylor: I object to that on the ground it is a blanket question. It does not refer to specific institutions, times and contracts. If he will ask the question in that form I will not object.

The Referee: You might ask if it is the general custom.

Q. (By Mr. Stockman): Is that generally a custom with [13] which you are generally acquainted, Mr. Conrad? A. Yes.

Q. Frequently did not these affidavits that you customarily received from these loaning institutions have a blank space on them in which to place

(Testimony of Jack Conrad.)

the amount of labor and material bills previously paid?

Mr. Taylor: I will make a further objection, your Honor, to any answer of this witness on the ground it would not be the best evidence available, in the first place.

The Referee: Objection sustained. The document itself would be the best evidence of what it contained. Next question.

Q. (By Mr. Stockman): Mr. Conrad, were the records and accounts of Rameson Brothers kept posted up to date? A. No.

Mr. Taylor: To which I object on the ground it is a blanket question. There are many kinds of journals and books.

The Referee: All records in general?

The Witness: All records were not entirely current.

The Referee: I didn't hear you, sir.

The Witness: All records were not current.

The Referee: They were not current. Next question, please.

Mr. Stockman: That is all the questions I have of this witness. [14]

The Referee: Any cross examination?

Mr. Taylor: Yes, your Honor.

Cross Examination

Q. (By Mr. Taylor): But some records were current? A. Yes.

Q. Many were current? A. Yes.

(Testimony of Jack Conrad.)

Q. You were the one who perhaps six months after you went to work there were in charge of the Bookkeeping Department, weren't you?

A. Yes.

Q. When you went there they had a bookkeeping system of each house being separately kept and records being separately kept as to that construction project?

A. Yes.

The Referee: Did they?

The Witness: With respect to cost.

Q. (By Mr. Taylor): All money received and paid out on that house?

A. Yes, at one time there was.

Q. Do you remember the name of the certified public accountant that they had a while ago?

A. Yes.

Q. Who was that? A. Mr. Rod Redmond.

Q. At Mr. Redmond's suggestion and your own you changed from a straight bookkeeping book for each house to a general or consolidated system of bookkeeping to avoid the multiplicity of signatures on various checks, didn't you?

A. Yes.

Q. Over a period of time?

A. Yes, with respect to the maintenance of a bank account, the receipt of funds and the disbursement of funds.

Q. So the funds came into a so-called consolidated account?

A. Yes.

Q. Some money was put into a general account?

A. Yes.

(Testimony of Jack Conrad.)

Q. Those were the two principal bank accounts?

A. Yes.

Q. Taking the place of the old building accounts and later the division accounts?

A. That is correct.

Q. While this was going on you had a place of your own being built, didn't you?

A. Yes.

Q. At the time of the failure of the operations you yourself were a loser to the extent of some forty-five or forty-six hundred dollars?

A. Yes.

Q. On your own house? [16]

A. Yes.

Q. You kept books on your own house along with the others?

A. Yes.

Q. This big sheet on the wall some place that has been spoken of was a so-called construction project record, wasn't it?

A. Yes.

Q. Where they were given numbers or some other designation to trace the status of construction?

A. Yes.

Q. Now, as time went on, they took over the facilities and the work of some of the subcontractors, didn't they?

A. Yes.

Q. For example, there was the paint and painting subcontracting done by their own labor?

A. Yes.

Q. Then the same was true as to landscaping, is that right?

A. Yes.

Q. And as to plumbing?

A. Yes.

Q. And as to electrical work?

A. Yes.

Q. And as to cabinet making, et cetera? [17]

(Testimony of Jack Conrad.)

A. Yes.

Q. So that toward the end of the program things got into a bind where for example you had \$30,000 in withholding taxes and Social Security payments to meet, is that right? For example, there would be large payments due? A. Yes.

Q. Due periodically that had not been so before?

A. Yes.

Mr. Stockman: I object to this as immaterial.

The Referee: I don't see the purpose of all this.

Mr. Taylor: Checks were made out before they were due. I believe you testified about that.

Q. Isn't it true that checks were made out when the girls working under you had time to make out the checks, and they were left in the book, or whatever it was that you had which had to do with the checks or bills? A. Yes.

Q. And they were not handed out until they were due and to be paid?

A. When they were to be paid, yes.

Q. I believe you once testified that was done so as to conserve time of the employees?

A. Yes.

Q. It is not an uncommon habit in your bookkeeping system with which you are acquainted—

Mr. Stockman: I object to that. He has not [18] been qualified as an expert.

The Referee: Let's hear all of it.

Q. (By Mr. Taylor): Is that done in other institutions? A. Yes.

Q. It is common in bookkeeping? A. Yes.

(Testimony of Jack Conrad.)

Q. After you had been there a matter of a very few weeks you had full charge of the books and accounting methods yourself? A. Yes.

Q. That was true up to the date when there was an assignment to the creditors and it was taken over? A. Yes.

Mr. Taylor: That is all.

The Referee: Anything further?

Mr. Slane: I would like to ask one or two questions on redirect.

Redirect Examination

Q. (By Mr. Slane): Mr. Conrad, when you were stating that checks were drawn and yet not released and bills were stamped paid that those checks covered you were not talking about checks that were drawn to keep the girls busy?

A. What is that?

Q. These were checks other than those drawn in advance as a matter of convenience? [19]

A. I am sorry. I don't understand.

Q. What I am getting at, the checks that you say were drawn and were not released to the payee and yet the bills were stamped paid, those were checks other than those that were drawn in advance as a matter of convenience of trying to conserve time of the help? A. Yes.

Q. It was all the same transaction?

A. May I explain the situation?

Q. All right.

A. Checks were primarily prepared in advance

(Testimony of Jack Conrad.)

for the purpose of saving clerical help, rather than to do the work intermittently, to do it at one particular time. That was the primary purpose of paying a bill although the check was not released.

The Referee: What would be the purpose of marking a bill paid when you did not mail the check to the man?

The Witness: As far as a bookkeeping problem is concerned, you have a reduction of the cash account balance, so you have to reduce the accounts payable.

The Referee: I see.

Q. (By Mr. Slane): Then you would certify to Cal Federal or some other financing institution that certain bills had been paid. To get around the objection I refer specifically to about \$14,700 worth of bills of Lord-Babcock, Inc., for plumbing supplies that your records showed were stamped paid and [20] on which checks were never sent to Lord-Babcock, but Cal Federal was certified as having been paid. Is that correct?

A. That condition may have existed.

Q. Every article in those bills of Lord-Babcock were gone into after bankruptcy?

A. As I recall, a good number of bills were from Lord & Babcock, but I don't recall specifically \$14,000.

Q. That was the total of the group in that particular series.

A. I see. It may have very well happened.

Q. Did that type of thing go on there?

(Testimony of Jack Conrad.)

A. To my knowledge that was not the purpose of paying the bills in advance. To my knowledge I don't believe the purpose of the issuance of the checks and the marking of the bills paid was as you suggest, for that purpose.

Q. But those bills were deducted from your accounts payable? A. Yes.

Q. And did not show on the accounts payable, but you had not paid Lord & Babcock?

A. I don't recall the specific instance, but that condition could very well have existed.

Mr. Sosson: I will object at this time and move, for the purpose of making the objection, a motion to strike the [21] answers of the witness to the matter of Lord & Babcock. There is nothing in the specification here that puts us upon notice that we need to meet that issue.

The Referee: It is a general inquiry into the method of bookkeeping out there. The injection of a name like Bill Jones or Tom Brown would modify the objection.

Mr. Slane: It is for the purpose of illustration.

Mr. Sosson: But it is an allusion to a particular item of indebtedness which we cannot meet.

Mr. Stockman: This particular objection can be drafted in the general language of the statute and need not be specific.

The Referee: What is your motion?

Mr. Sosson: The motion is to strike the testimony.

(Testimony of Jack Conrad.)

The Referee: The motion will be denied. What is the next question?

Mr. Slane: I have no more questions from this witness.

The Referee: Anything further?

Mr. Taylor: I have a few more questions.

The Referee: Go ahead.

Recross Examination

Q. (By Mr. Taylor): You remember testifying in this city in the Municipal Court in the matter of the People vs. Rameson? A. Yes. [22]

Q. All of the testimony you gave there was true and correct? A. Yes.

Mr. Taylor: That is all.

The Witness: Is there any further attendance required on my part?

Mr. Taylor: Not on my part.

The Referee: Call your next witness, please.

Mr. Slane: Is it the intention of Mr. Taylor to introduce in evidence the entire record?

The Referee: I won't go into that right now. That matter took three weeks before Judge Ambrose. You won't unload that on me. I am interested in knowing if these people kept proper and competent books from which their financial status could be ascertained. That is the basis of this objection. I won't try the Municipal Court case or Judge Ambrose's case. Call your next witness.

Mr. Stockman: I will call Mr. Johnson.

F. N. GEORGE JOHNSON

called as a witness on behalf of the Trustee and Objector, being first duly sworn, testified as follows:

Direct Examination

Q. (By Mr. Stockman): State your full name, please? A. F. N. George Johnson.

Q. Where do you live, Mr. Johnson? [23]

A. South Gate, California.

Q. You are employed by, or at least at times have worked for Mr. Goggin, the Trustee in Bankruptcy, is that correct? A. That is correct.

Q. Did you work on the Rameson Brothers' records? A. Yes, I did.

Q. Would you say you did considerable and/or extensive work?

A. No, preliminary work only.

The Referee: What is your occupation, auditor?

The Witness: Public accountant, certified in California.

Q. (By Mr. Stockman): How long have you been an accountant? A. About 25 years.

Q. How long have you been handling bankruptcy matters? A. About eight years.

Q. Are you a licensed public accountant in the State of California? A. Yes, sir.

Q. During this 25 years of experience as an accountant and eight years in bankruptcy you undoubtedly have audited many records, is that correct? A. That is correct. [24]

(Testimony of F. N. George Johnson.)

Q. To your knowledge did Rameson Brothers write checks in advance of actual payments?

A. I don't believe I understand your question.

Q. Did you find checks prepared in the bankrupt's books that had not been sent out?

A. Yes, I did.

Q. Also many checks that actually were sent out not had cleared the bank, is that right?

A. That is right.

Q. To your knowledge was there an accounts payable ledger kept?

A. No. I did not find one.

Q. How was this accounting matter handled?

A. The accounts payable?

Q. Yes.

A. It appeared that they kept an accounts payable or bills payable in a looseleaf folder. They were paid as they became due or as someone in the Accounts Payable Department designated them to be paid.

Q. To the best of your knowledge, gained from reviewing the records in this matter, when were these bills marked paid?

A. It appeared at the time the check was drawn.

The Referee: The same dates?

The Witness: Yes. In other words, they drew the check—— [25]

The Referee: And marked the bill paid?

The Witness: And stamped it. As I recall there was a block stamp which blocks in the word "Paid"

(Testimony of F. N. George Johnson.)

and the letters indicated what account was to be charged and the date and the number of the check.

Q. (By Mr. Stockman): When you were reviewing the records and accounts of the bankrupt after they filed in bankruptcy did you find bills marked paid that in fact were not paid?

A. Yes, I found quite a number of them.

Q. From your knowledge of handling all or nearly all of the records and accounts of this business, and from your past experience, would you say that the bankrupt kept accounts and records from which his financial condition and business transactions might be ascertained?

A. I would say that his accounting system was adequate if it had been properly maintained and kept up to date—that he could have ascertained his financial condition.

Q. But in your opinion it was not kept adequately; is that right? A. No.

Q. Was this condition in main or in part caused by a failure to keep the posting of accounts up to date?

A. In most instances that is correct.

Q. How far behind in posting were the records of [26] Rameson Brothers?

A. When I came down there in October of 1952 the general ledger had only been posted through June. There were maybe one or two items of July posted, but that is all.

Mr. Stockman: Your witness, Mr. Taylor.

(Testimony of F. N. George Johnson.)

Cross Examination

Q. (By Mr. Taylor): Mr. Johnson, do you remember seeing me out at the place of business pretty regularly?

A. That is true, Mr. Taylor.

Q. Do you recall my going over the books and pointing out the fact that out of a multiplicity of checks, quite a bundle, let us say three or four hundred of them had been sent out and had come back and I had payment on the checks stopped at the bank. Do you remember that?

Mr. Stockman: I object to that as immaterial.

Mr. Taylor: This is to explain how some checks could have been sent out and came back, and when the checks were sent out the bills were stamped paid.

The Referee: Would that cover all of these checks?

Mr. Taylor: No. I only want to cover one block at a time.

The Referee: All right.

Q. (By Mr. Taylor): Do you remember one large bundle of checks?

The Referee: That you had stopped payment on? [27]

Q. (By Mr. Taylor): They stopped payment on my order?

A. I recall some of those checks, yes.

Q. On many of these the bill was taken from a voucher and a check made out and then they maintained what we call a paper bank balance or book

(Testimony of F. N. George Johnson.)

balance at the bank as contrasted to their actual physical condition?

A. I believe I ran across a yellow tabulation sheet with hundreds of figures on it. It was supposed to represent the current bank balance, but I never did check it to see if it was accurate.

Q. While you were there Mr. Conrad, who was just on the stand, was employed by the Trustee and the Receiver preceding him to aid and assist you or to do whatever other work was necessary in connection with the business?

A. Yes. He worked for us for about 10 days, I believe.

Q. Whenever you made inquiry concerning the books he is the one who told you about them?

A. That is correct.

Q. When you talked to either of the Rameson brothers they did not know much about it themselves?

A. I don't believe I ever talked to them about explaining any entries in the books.

Q. Everything that you asked about of Mr. Conrad he explained it to you to the best of his ability?

A. That is right. [28]

Q. The bookkeeping system as it was when you found it was his baby, that is to say, it was the one he set up?

A. He seemed to take the responsibility for it.

Mr. Taylor: That is all.

The Referee: Q. In your experience as a public accountant would you say whose duty it is to

(Testimony of F. N. George Johnson.)

see that books are properly kept, the proprietor, the owner or operator of the business, or the Book-keeping Department? In other words, the thought runs through my mind should the proprietor have any degree of supervision, have anything to do with the inspection or ascertaining the condition of his business?

A. The proprietor hires the controller, auditor or accountant and pays him. I believe it is his duty to supervise that man's work.

Q. To see that he does what he is supposed to do?

A. That is right.

The Referee: That is the thought that ran through my mind.

Mr. Slane: May I ask a few questions?

The Referee: Yes.

Redirect Examination

Q. (By Mr. Slane): Mr. Johnson, did you find any financial statement that had been prepared by Rameson Brothers?

A. I recall one, but I can't tell you what the date was on it. It was an old one. [29]

Q. Was any file shown to you or made available to you of monthly P&L statements?

A. I don't recall a monthly P&L.

Q. Were there any records that you found there that indicated the exact status of any particular house that was under construction as to whether it was a profit or loss on any individual home?

(Testimony of F. N. George Johnson.)

A. There was a record there of what the project should cost and what had been charged against it, but for the purpose of making a progress report for the Trustee or Receiver I did not use any of those figures at all. I built up my own figures on it.

Q. Do you recall whether there was any entry on that progress report covering overhead, I mean that big organizational overhead that they had out there?

A. I believe they called it burden. It was the last item on the list.

Q. That was listed as burden? A. Yes.

Mr. Slane: That is all.

Recross Examination

Q. (By Mr. Taylor): Mr. Johnson, in an ordinary business of this nature, a contracting business, if you walk into the office at a given moment on any day, even though it is a going concern, you won't find the books posted right up to the minute and [30] day, will you?

A. Oh, no, not to the day.

Q. And sometimes not the week, or still more?

A. If you were over two weeks behind it would be unusual.

Q. Let us suppose that the bookkeeper or chief accounting officer is employed by a young business man, or two of them, and works with and under the supervision of a C.P.A., from your experience are you able to say whether or not the employers

(Testimony of F. N. George Johnson.)

are able to and should be able to rely upon their chief accounting officer?

Mr. Stockman: I object to that on the ground it calls for a legal conclusion.

The Referee: I asked him a question along the same line. Let's have the answer.

The Witness: I would say if the employer hired a man who represented him who could prove that he had a certified public accountant's certificate to practice in the State, he should be able to depend upon him.

Q. (By Mr. Taylor): If that man in turn works with the chief accounting officer of the firm, who is not a certified public accountant, what would you say?

A. He should be able to depend upon him.

Mr. Taylor: That is all.

The Referee: Don't you think it is the duty of an owner or proprietor to see how they stand, whether they are [31] running in the red or going ahead?

The Witness: Certainly.

Q. (By Mr. Slane): Did you find any evidence that the certified public accountant was actively participating in the accounting system out there?

A. No, I can't say that I did.

The Referee: Is that all from Mr. Johnson?

Mr. Slane: That is all.

Mr. Taylor: That is all.

Mr. Stockman: I will call Mr. Janken.

SIDNEY JANKEN

called as a witness on behalf of the Trustee and Objector, being first duly sworn, testified as follows:

Direct Examination

Q. (By Mr. Stockman): Will you state your full name, please? A. Sidney Janken.

Q. Where do you live, Mr. Janken?

A. 16916 Bollinger Drive, Pacific Palisades.

Q. What is your connection with the Rameson bankruptcy?

A. They contracted to build my home for me.

Q. In connection with building your home was it necessary for you to obtain a loan?

A. It was.

Q. Where did you obtain that loan? [32]

A. At the California Federal Savings & Loan.

Q. To your knowledge from your dealings with California Federal Savings & Loan Company can you say whether your lending institution required evidence to enable contractors to receive progress payments?

Mr. Taylor: I will object to the question on the ground that there is nothing to show that this man appears as an officer or employee of that firm.

The Referee: You have not heard the question.

Mr. Taylor: I thought I had.

The Referee: Let's get the question and then we can have your objection. Don't jump the gun.

Q. (By Mr. Stockman): Did your lending agency require evidence on your specific home loan

(Testimony of Sidney Janken.)

to enable Rameson Brothers to receive progress payments?

Mr. Taylor: To which I will object on the ground this man has not yet appeared as an officer or employee of that firm.

The Referee: It makes no difference. He was having a home built by them. He can testify as to whether or not they required it.

Mr. Taylor: I cannot push from my mind the testimony of the officers of that institution who have testified in these matters.

The Referee: You are mixing up another lawsuit with this one. I will keep it straight. Objection overruled. [33] Here is a man who was having a house built. He should be able to tell us what they required him to have.

The Witness: I don't know what they required of Rameson directly.

The Referee: But of you, sir, on your own job?

The Witness: On my own job, they did not require anything of me after the funds were made available for construction.

The Referee: There is your answer.

Q. (By Mr. Stockman): You say you are not aware of these affidavits which were required, is that right?

A. I have never seen any nor have I been told about any.

Mr. Stockman: Your witness.

Mr. Taylor: No questions.

Mr. Sosson: No questions.

The Referee: Call your next witness.

Mr. Stockman: The Trustee rests, your Honor.

The Referee: What is your defense?

Mr. Sosson: Your Honor I have a brief motion at this time on behalf of the bankrupts. With respect to the specifications filed by the Trustee, I submit, your Honor, that they——

The Referee: Do they allege failure to keep books adequately?

Mr. Stockman: No, your Honor. The Trustee's objection [34] is failure to account.

Mr. Sosson: Merely failure to account. The specifications are not verified. They are rampant with conclusions of law and conclusions of fact.

The Referee: You say they are not verified?

Mr. Sosson: They are not verified, your Honor. The copy I have indicates no verification.

The Referee: Was the original verified?

Mr. Stockman: I don't have the original with me. I think it can be corrected by amendment.

The Referee: I don't hear what you say. Talk out loud.

Mr. Stockman: I think they can be verified now. That can be corrected by amendment even at this stage.

Mr. Slane: The original would be in the Court's file.

Mr. Cooper: If your Honor please, the attorney for the Trustee and myself, appearing on behalf of Gerald and Louise Stack, Fred Salatino and Sol Jarmulawsky have the same objections and those were verified.

The Referee: You have the same objections?

Mr. Cooper: Yes, sir.

Mr. Sosson: I have two objections. I shall deal with one at a time.

The Referee: You have the same objection filed by another creditor? [35]

Mr. Stockman: No, it isn't the same.

The Referee: I only know what you tell me.

Mr. Sosson: We have been served with a copy and it does not indicate that it is verified. I make the specific objection to the lack of verification.

The Referee: I will let them be verified if the original is not verified.

Mr. Sosson: I submit that it comes late, your Honor.

The Referee: You knew what the objections were, whether they were sworn to or not. You were not taken by surprise.

Mr. Sosson: No. I am not claiming surprise, your Honor. I merely call for proper verification of the pleadings. I don't think it is properly included in the file if it does not conform to the rules.

The Referee: It can be amended.

Mr. Sosson: Furthermore, your Honor, I submit that the Trustee cannot make objections to a discharge unless he is so authorized by a meeting of creditors.

The Referee: Oh, no.

Mr. Sosson: And that meeting be called specifically for that purpose.

The Referee: There is nothing in that.

Mr. Stockman: That is no longer true.

Mr. Sosson: I don't understand what the Court means.

The Referee: The Trustee can act on his own motion [36] when he sees fraud or misconduct. He does not have to go to the creditors.

Mr. Sosson: There is no fraud alleged here.

The Referee: I will put it this way, failure to keep adequate books of account. The Trustee does not have to get the permission of creditors or even of the Referee.

Mr. Sosson: I will merely repeat that the Trustee's specifications of objections merely in all of the paragraphs therein allege that the bankrupts could not account for their losses.

The Referee: I think that is pretty clearly demonstrated from the testimony that I heard from these gentlemen. They said they did not know what happened to it. Both of them on the stand so testified.

Mr. Sosson: That does not meet the requirement of adequate books.

The Referee: Then your motion is overruled. Is there anything else you wish to introduce? What about the other specifications of objections. You say yours are along the same line?

Mr. Cooper: They are along the same line.

The Referee: Failure to keep books?

Mr. Cooper: Yes, your Honor. Failure to keep proper records and accounts.

The Referee: Is yours verified?

Mr. Cooper: Yes, your Honor. [37]

The Referee: By a creditor?

Mr. Cooper: Yes, your Honor.

Mr. Sosson: That is correct, your Honor.

The Referee: What is next?

Mr. Stockman: That is all the objections we prove up.

The Referee: I am clearly of the opinion that these gentlemen were very, very indifferent as to what was going on in their business. They took no personal account of it. They left their people do work without proper supervision on their part. They defrauded a number of people, as the testimony shows, by inducing them to convey lots to Rameson Brothers on the representation that they could more readily finance the lots, which is a misstatement because they lend money not on the color of the man who owns title, but on the security of the property. So I hold that they are not entitled to a discharge on the basis of what I have heard this afternoon.

Mr. Taylor: If your Honor please, I would like to call my witnesses to the stand. You are making up your mind before you have heard all of the evidence.

The Referee: I asked you if there were any other witnesses and there was dead silence.

Mr. Taylor: I will call Fred Rameson.

The Referee: Do you think I have time to sit here all afternoon and wait until you do something?

Mr. Taylor: No, your Honor. [38]

The Referee: I will withdraw my opinion. Bring on your witnesses. Wake up.

Mr. Taylor: I was awake, your Honor. I am very sorry I did not speak loud enough.

FREDERICK MILLARD RAMESON

bankrupt herein, called as a witness on his own behalf, being first duly sworn, testified as follows:

Direct Examination

Q. (By Mr. Taylor): State your full name.

A. Frederick Millard Rameson.

Q. You are one of the bankrupts in this case?

A. That is correct.

The Referee: Are you the young man who took the law course?

The Witness: Yes, sir.

The Referee: All right, sir. Fine.

Q. (By Mr. Taylor): Mention has been made of some lots on which you built houses with title in your own name. Was anybody else's money in this but your own?

Mr. Stockman: Objected to as immaterial.

The Referee: Objection overruled.

Q. (By Mr. Taylor): At the time of bankruptcy you had about eight houses called speculative or demonstration houses?

A. Those were our own. [39]

Q. Was anybody else's money in them?

A. No, sir.

The Referee: Did you induce any person to convey title to their property, their lots, to you, under

(Testimony of Frederick Millard Rameson.)

the statement that you could more readily finance it if they were in your own name?

The Witness: No, sir, I never did. No one in the organization that I know of ever did, sir.

Q. (By Mr. Taylor): Would you state positively there were no such lots ever so dealt with?

A. I know of none, sir.

Mr. Taylor: Your Honor, not anticipating this I do not have the records of the auditor, Mr. Johnson, who was on the stand.

The Referee: Put your question, please. Let's try the lawsuit.

Mr. Taylor: I can't do it without the records on each one of the houses.

The Referee: Let's not make speeches.

Mr. Taylor: I have to mention the particular houses.

The Referee: As I recall in the testimony several people had been induced by representations to convey their lots to the Rameson Brothers on the theory that they could more readily finance them. He says that is not so. Let's go ahead.

Q. (By Mr. Taylor): You employed Mr. Conrad, who was on [40] the stand heretofore?

A. Yes, sir.

Q. Did he have charge of the Bookkeeping Department from the time you brought him in there?

A. Yes, sir.

Q. How many helpers did he have?

A. I believe it was either four or five.

(Testimony of Frederick Millard Rameson.)

Q. Did he hire as many as he wanted from time to time?

A. Yes, sir. It was up to his discretion.

Q. Did he consult with you daily about matters of business or thereabouts?

A. Yes, sir.

Q. From time to time did the C.P.A. who has been mentioned here work with him in connection with keeping your books?

A. Yes, sir.

Q. Did you at all times rely upon your book-keeper?

A. Yes, sir, I did.

Q. You heard him testify that his own home was built at the time of this crash?

A. Yes, sir.

Q. What was this sheet that was talked about, the production sheet on the wall?

A. There was a production sheet, but I don't remember the details of it. [41]

Q. What was this big sheet, if you remember, that showed the progress of the houses?

A. Our Production Department had a sheet that showed where the crews were to move from job to job. I believe that was what the reference was to, sir.

Q. Did that show anything concerning the financial condition?

A. No, sir, not at all.

Q. Did you ascertain for the first time on or about the 2nd of September, 1952, that you did not have enough to meet the bills as they came due?

A. That is correct.

Q. How did you find that out?

A. My Accounting Department gave me a financial statement, sir.

(Testimony of Frederick Millard Rameson.)

Q. Is that the first financial statement that they had given you?

A. No. In previous years they had given me other ones, sir.

Q. How many houses had you built before this emergency set in? I will change that question.

Did you build about 150 to 175 houses before any of those that are mentioned in the bankruptcy?

A. I believe so, sir.

Q. There were about 36 or 37 mentioned in the bankruptcy? [42]

A. Somewhere in that neighborhood, yes, sir.

Q. Were you yourself a bookkeeper or did you have any knowledge of bookkeeping?

A. No, sir.

Q. Did you rely wholly upon your Bookkeeping Department for your information?

A. Yes, sir.

Q. Did you ever make or publish any false statements in writing respecting your financial condition to Sol Jarmulawsky or any other creditor?

A. No, sir.

Q. (By The Referee): I believe you testified before me that you never did make financial statements to anybody. Is that true?

A. That is correct, sir.

The Referee: I remember that very definitely. He said he never gave a financial statement to anybody.

Q. (By Mr. Taylor): Were you ever asked for one except by two people, one of them this credit

(Testimony of Frederick Millard Rameson.)

reporting agency, Dun & Bradstreet. Do you remember them? A. Yes, sir.

Q. They asked for one and you said you were not giving any? A. That is correct, sir.

Q. The other one was one of the finance companies, I have forgotten the name. [43]

Did you get reports from time to time that the books were being posted or properly cared for?

A. Yes, I did.

Q. Who gave you that information?

A. The division management through my Accounting Department.

Q. The Accounting Department was headed by Mr. Conrad, who testified here a little while ago?

A. Yes, sir.

Q. Had you ever had any business experience before you went into this one at all?

A. No, sir.

Q. Now about this business of making checks and marking bills, do you remember anything about that?

A. I knew nothing of the details of it, sir. I knew that Jack Conrad established certain procedures for the convenience of his Accounting Department, but other than that I don't know.

Q. Did you ever tell him to do or not to do any certain thing in connection with the keeping of the books?

A. I don't recall necessarily that I directed him to do that specifically. That was his department.

Q. Did your brother William have anything to

(Testimony of Frederick Millard Rameson.)

do with the keeping of the books or did he confine himself to construction? A. That is correct.

Q. How often did you determine or inquire about your own bank balance?

A. At all times I knew our position was proper in regards to our bank balance. I don't recall any specific inquiries. To my knowledge we had not ever overdrawn at the bank.

Mr. Taylor: You may cross examine.

The Referee: Q. What was your reason for refusing to give a financial statement to a creditor or to Dun & Bradstreet?

A. Well, sir, we knew——

Q. What was your reason? Not what you knew but what was your reason?

A. Because our accountants said we were not in healthy enough a financial position to give a relationship between current and fixed assets which were not high enough to justify the form of business that we were doing, so we told the lending institutions and Dun & Bradstreet why we did not.

Q. In other words, you did not want to show your true financial condition?

A. We told them.

Q. Is that right?

A. No. We told them the reason why we did not want to show or issue our financial statement.

Q. Yet you were going to the public for credit without [45] a financial statement?

A. I don't know that. I didn't know we were

(Testimony of Frederick Millard Rameson.)

going to the public for credit. We did not borrow anything.

Q. You knew the loan companies were lending money on the houses? A. That is correct.

Q. Without any financial statement from you?

A. Well, I never thought of it in particular that way, sir.

The Referee: What is the next question?

Cross Examination

Q. (By Mr. Slane): Mr. Rameson, you say in no instance was a lot deeded to you boys, Rameson Brothers, upon which a house was either started or built by you. To refresh your memory I refer to your testimony in this court on the 7th day of January, 1953, when I cross examined you regarding this whole matter. It starts on page 30. Your testimony was to the effect that you would take the title, then you would go to Cal Federal or some other financing institution and borrow on the first trust deed the estimated cost of construction. That was my question. Your answer was, "That is correct." A. That is correct.

Q. Then I asked the question: "After that was completed you would go back to the original seller and give him a second trust deed on the property?"

You answered: "They usually filed that directly following the transaction. They filed it directly following the first. That was the general practice. They did not wait until title was finished.

"Q. Title stayed in Rameson Brothers?

(Testimony of Frederick Millard Rameson.)

"A. That is correct.

"Q. At what basis was the figure for the evaluation of those lots?" And we go into other phases.

A. That had reference to the lots we bought. There were no clients' lots involved. Those were lots we bought. In giving back a second to those who were sellers of the property, instead of getting the cash purchase price for the land the seller of the land would accept a second mortgage on the land. But those are our lots. They were not the clients'.

Q. Were they on any lots your clients had?

A. To my knowledge, no, sir. I answered that a few moments ago.

Q. You are certain of that?

A. To my knowledge, yes, sir.

Mr. Slane: If the Court wants to pursue that point further we can produce proof to the contrary if you want to take the time.

The Referee: I do. I want to do the right thing by these young men. Either they are entitled to a discharge or they are not, and I want to afford every opportunity to [47] both sides.

The Witness: To my knowledge that situation never existed.

Mr. Taylor: That is one simplification of this thing. It is as though I owned a lot and I deeded it to him to build a house, and after he made his loan from the company he then gives me for the purchase price a mortgage second to the other.

The Witness: No, sir.

(Testimony of Frederick Millard Rameson.)

The Referee: Then in the end I don't get my house.

The Witness: No, sir.

Mr. Taylor: No, your Honor. That is not my house. It is their house.

The Witness: Those are the lots that we bought ourselves—like Mr. Steinkamp, the subdivider—the client was not involved at all.

Mr. Taylor: I am paid for my lot by a second trust deed.

The Referee: I don't want any more argument on that. If you are going to build a house for me why should I convey my lot to you?

The Witness: We did not, sir.

Mr. Taylor: We did not build for you. I bought my lot from you.

The Referee: I don't believe it.

Mr. Slane: In fairness to these boys, your Honor, [48] there were some lots that they bought from Mr. Steinkamp and another one from——

The Witness: They were speculative houses.

Mr. Slane: There were 8 or 10 lots and about 8 of them were still in process when this matter went into bankruptcy. We finished up some of them and sold them and they gave back seconds to the parties they bought lots from, but those are not the ones I am speaking of. I am speaking of the other transactions where title came to Rameson Brothers from individual owners.

The Witness: To my knowledge not one situa-

(Testimony of Frederick Millard Rameson.)

tion such as that existed, sir. I don't know of any, sir.

The Referee: Do you gentlemen want to hear the rest of this matter tomorrow?

Mr. Slane: I think we can dispose of this petition which is also on the calendar for this afternoon. If we are going into the records on this other phase it would take longer than tomorrow because we will have to speak with Mr. Goggin and get his records on it and have them here.

The Referee: Anything further with this witness?

Mr. Slane: I have no further questions of Mr. Rameson.

Mr. Taylor: Is there any other remark you want to make?

The Witness: No, sir. I will welcome the records to clarify the point of contention. [49]

The Referee: That is all right. You are not being asked any questions.

The Witness: I am sorry.

Mr. Taylor: I will call William Rameson.

WILLIAM W. RAMESON

a bankrupt herein, called as a witness in his own behalf, being first duly sworn, testified as follows:

Direct Examination

Q. (By Mr. Taylor): State your full name.

A. William W. Rameson.

Q. William, was your work confined to construction?
A. Absolutely.

(Testimony of William W. Rameson.)

Q. Did you ever know anything about bookkeeping systems or who was doing that work?

A. No, beyond the fact that we had an accountant.

Q. Were you out in the field most of the time?

A. Practically all the time.

Q. Attending to the building of houses?

A. That is correct.

Q. Was it your job simply to keep track of construction, the crews and the efficiency with which they went from one job to another, and so on?

A. All of that.

Mr. Taylor: That is all.

Mr. Slane: I have no questions. [50]

Cross Examination

Q. (By Mr. Stockman): Mr. Rameson, do you state that you did not have any knowledge of the accounting procedures, is that right?

A. That is correct.

Q. As a partner interested in a big, going business did you make any attempt to find out about your accounting and business standing?

A. From that very statement you made there you must realize the business was big enough so that it took my entire time, my full time every day in the week. I would ask how things were doing, but then I went on about my own business the way a man should.

Q. But you made no specific attempt to find out the standing of your firm. You operated in the

(Testimony of William W. Rameson.)

field and paid little attention to the office matters.

Is that correct? A. That is correct.

Mr. Stockman: That is all.

The Referee: What is next?

Mr. Slane: That is all we have on this matter of the objections to discharge.

Mr. Taylor: Your Honor, I would be derelict in my duty if I did not bring up the work sheets which Mr. Johnson prepared and which I used in the preparation of these matters and schedules here, and which showed the nature of the title and the lending institutions on the houses we are speaking of [51] showing them to be as I represent them.

The Referee: Do you have them here?

Mr. Taylor: No.

The Referee: Where are they?

Mr. Taylor: They are at my office.

The Referee: Why didn't you bring them?

Mr. Taylor: There was nothing to indicate that the matter of houses would be coming up today.

The Referee: What shall I do?

Mr. Slane: I don't think where title was is material to the issues in this case before the Court.

The Referee: We will disregard that.

Mr. Slane: As far as I am concerned I am willing to disregard my examination regarding houses.

The Referee: It is all out.

Mr. Slane: I don't think it is material to the question.

The Referee: It is all disregarded and out of my mind. Anything further?

Mr. Taylor: I have no more witnesses, but I would like to be heard for a moment.

The Referee: I will hear you.

Mr. Taylor: There are some things of which your Honor can take judicial cognizance, and should. One, the findings of other courts——

The Referee: Oh, no. Don't try to lead me off into [52] the criminal trial. I am not going with you.

Mr. Taylor: But there are some things that even in this kind of action should be proved.

The Referee: Not beyond a reasonable doubt like in a criminal case in the criminal courts.

Mr. Taylor: No, not beyond a reasonable doubt, but there should be shown fraud or intent to defraud, and so on. If it please the Court, I am confident that that does not appear in this matter.

If your Honor will permit me I should like to refer to a remark which you made at the time of the examination by creditors here, refer to one brief remark which you made when you were questioning Fred Rameson:

"Before you started in business did you have any experience in building anything?" The answer was "No, sir."

Then your Honor asked: "From a chicken coop on up to a kite? You started in without any knowledge of the building industry at all?"

He said, "I had built two or three houses prior, or a few houses actually prior to this.

"The Referee: You mean you were employed by someone to build them?

“The Witness: No.

“The Referee: Did you finance two or three houses before?

“The Witness: Yes, sir. [53]

“The Referee: In other words, you started from scratch in this thing, apparently, and didn’t know anything about the building business and didn’t know how to keep up with the financial status. Isn’t that true? You sat there and took in money and didn’t know what happened to it. All right, sir.

“The Witness: We didn’t know that was the case.”

From those remarks I gathered your Honor had the idea which was somewhat similar to the one which I had, that where a young soldier comes out of the service and goes to school and while there, also on government loan, builds a house, and when the restrictions were lifted sold it for a price of five or six thousand dollars more than he paid, he felt what was the use of going into the law business or taking the bar examination—he felt then and there he was in the building business. That was the situation. I can see here callous ignorance of business relations. I can see inexperience. I can see many things like that, but I cannot see an evil intent which I feel is necessary to substantiate the Objectors’ case. I cannot see that there has been an evil intent to defraud others which would deny the discharge.

As I mentioned before, I am perhaps at fault. With some temerity I say again that I am too close to this thing perhaps to have a true picture of it,

but it cannot be gainsaid that I know it and I knew it because I got into it and became a part of ascertaining this thing within a few days [54] of the time when Mr. Slane's client did and I was with it all the way through from the beginning with various meetings of creditors and half boiling mobs of employees who had not been paid and whose checks had been stopped, and at my suggestion had been stopped, but I was prepared to do anything I could to help them.

I suggest to your Honor that some thought should be given to that before the Court recommends that the discharge be denied because their position is just as compatible with mistakes and with brash conduct—which is not fraudulent—the mistakes of youth, but certainly not with evil intent. I am and I have been for two years so full of this subject that it has become a part of me, perhaps too much so, but even then I cannot see evil here, and I cannot see why in justice and in equity, in the absence of evil, why a discharge should not be given.

The Referee: I am thoroughly convinced that these gentlemen refused to give a financial statement because they did not want their financial position to be known to persons who might extend credit. To my mind that indicates a desire at least to hide that which would be revealed by a statement. I think I shall deny the discharge. That will be the order.

Mr. Stockman: May I ask that your Honor's holding on the discharge be on both specifications:

No. 1, inadequate records, and No. 2, failure to explain?

The Referee: That is right. [55]

Mr. Taylor: May I ask that the other one not heard be dismissed?

The Referee: No, I won't dismiss it. I will let it stand unheard.

Mr. Sosson: Does your Honor's ruling apply with respect to the individual bankruptcies as well as the partnership?

The Referee: Yes, partnership and individually because they were all tied in together.

Mr. Slane: Shall we proceed to the objection to the claim?

(Which was all the evidence offered and received on the hearing on the objections to discharge.) [56]

[Endorsed]: Filed September 27, 1954.

[Endorsed]: No. 14930. United States Court of Appeals for the Ninth Circuit. Rameson Brothers, a co-partnership, composed of William E. Rameson and Frederick M. Rameson, bankrupt, and William E. Rameson and Frederick M. Rameson, co-partners, Appellant, vs. George T. Goggin, as Trustee in Bankruptcy of the Estate of Rameson Brothers, a co-partnership, composed of William W. Rameson and Frederick M. Rameson, Bankrupt, and Sol Jarmulowsky, Appellees. Transcript of Record. Ap-

peal from the United States District Court for the Southern District of California, Central Division.

Filed: November 2, 1955.

/s/ PAUL P. O'BRIEN,

Clerk of the United States Court of Appeals for the Ninth Circuit.

[Endorsed]: No. 14931. United States Court of Appeals for the Ninth Circuit. Frederick M. Rameson, bankrupt, Appellant, vs. George T. Goggin, as Trustee in Bankruptcy of the Estate of Frederick M. Rameson, bankrupt, and Sol Jarmulowsky, Appellees. Transcript of Record. Appeal from the United States District Court for the Southern District of California, Central Division.

Filed: November 2, 1955.

/s/ PAUL P. O'BRIEN,

Clerk of the United States Court of Appeals for the Ninth Circuit.

[Endorsed]: No. 14932. United States Court of Appeals for the Ninth Circuit. William W. Rameson, bankrupt, Appellant, vs. George T. Goggin, as Trustee in Bankruptcy of the Estate of William W. Rameson, bankrupt, and Sol Jarmulowsky, Appellees. Transcript of Record. Appeal from the United States District Court for the Southern District of California, Central Division.

Filed: November 2, 1955.

/s/ PAUL P. O'BRIEN,

Clerk of the United States Court of Appeals for the Ninth Circuit.

In the United States Court of Appeals
for the Ninth Circuit

No. 14930

RAMESON BROTHERS, et al.,	Appellant,
vs.	

GEORGE T. GOGGIN, et al.,	Appellees.
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No. 14931

FREDERICK M. RAMESON,	Appellant,
vs.	

GEORGE T. GOGGIN, et al.,	Appellees.
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No. 14932

WILLIAM W. RAMESON,	Appellant,
vs.	

GEORGE T. GOGGIN, et al.,	Appellees.
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PETITION FOR EXTENSION OF TIME
WITHIN WHICH TO FILE RECORD ON
APPEAL AND DOCKET APPEAL

Comes now the appellant-bankrupt in the above-entitled cause and petitions this court for an extension of time within which to file the record on appeal and to docket the appeal for the following reasons:

On July 15, 1955 the appellant filed its notice of appeal in the United States District Court for the Southern District of California, Central Division, from the Order, Final Judgment and Decree denying the bankrupt a discharge filed and entered in

said court on the 15th day of July, 1955 and from the Order, Judgment and Decree denying the bankrupt a discharge filed and entered in said court on the 17th day of June, 1955;

That on August 8, 1955 the District Court signed an order extending the time to file the record and docket the appeal until October 7, 1955; and

That on September 9, 1955 the appellant-bankrupt filed with the Clerk of said District Court and served upon the appellees his Designation of Contents of Record on Appeal and Statement of Points Upon Which Appellant Intends to Rely on Appeal.

The Appellant has been in touch with the Clerk of the District Court several times since the time for a Designation of Additional Portions of the Record on Appeal has expired to ascertain when the record would be ready for transmission to his Honorable Court and only yesterday was informed that same would not be ready for filing by October 7th, 1955 the day of expiration of the Order of the District Court;

Wherefore, appellant-bankrupt prays that this Honorable Court extend the time for filing the record and docketing the appeal for an additional thirty days to enable the Clerk of the United States District Court for the Southern District of California, Central Division, to prepare the record on appeal and forward it to this Honorable Court for filing and docketing.

Dated: October 7, 1955.

PAUL TAYLOR,
DAVID SOSSON,
KYLE Z. GRAINGER,
/s/ By KYLE Z. GRAINGER,
Attorneys for Appellant-Bankrupt.

Subscribed and sworn to before me this 7th day
of October, 1955.

[Seal] /s/ THEODORE HOCKE,
United States Commissioner for the Southern Dis-
trict of California, at Los Angeles.

[Endorsed]: Filed Oct. 7, 1955. Paul P. O'Brien,
Clerk.

[Title of U. S. Court of Appeals and Causes.]

ORDER EXTENDING TIME TO FILE RECORD ON APPEAL AND DOCKET APPEAL

Good cause appearing from the foregoing Petition;

It Is Ordered that the time for filing the record on appeal and docketing the appeal be, and it hereby is, extended to and including the 7th day of November, 1955.

Dated this 7th day of October, 1955.

/s/ ALBERT LEE STEPHENS,

/s/ JAMES ALGER FEE,

/s/ RICHARD H. CHAMBERS,

Judges, United States Court of Appeals for the Ninth Circuit.

[Endorsed]: Filed Oct. 7, 1955. Paul P. O'Brien, Clerk.

[Title of U. S. Court of Appeals and Causes.]

STIPULATION AND ORDER FOR CONSOLIDATION OF ABOVE APPEALS

It Is Hereby Stipulated by the Appellants and Appellees in the above entitled causes that these appeals be consolidated; that one record be printed covering all of these appeals and that the briefs cover all of these appeals.

The reason for this stipulation is that the issues

on all of the appeals are practically identical; that the Reporter's Transcripts of the hearings are entitled in and cover all of the cases; that the appellees are the same in all of the cases and all of the appellants are involved in the partnership case; and that the same attorneys are involved in all of the cases.

Dated this 9th day of November, 1955.

PAUL TAYLOR,
DAVID SOSSON,
KYLE Z. GRAINGER,

/s/ By KYLE Z. GRAINGER,
Attorneys for Appellants

SLANE, MANTALICA & DAVIS,

/s/ By LEWIS TEEGARDEN,
Attorneys for Appellee George T.
Goggin, etc.

LOUIS MOST,
ROBERT N. RICHLAND,
JACK LINCOLN,

/s/ By LEWIS MOST,
Attorneys for Appellee, Sol
Jarmulowsky

ORDER

Good Cause Appearing from the foregoing stipulation It Is Ordered that these appeals be, and they hereby are, consolidated for all purposes; that but one record be printed covering all of the appeals and that the briefs to be filed cover all of the appeals in each set of briefs.

Dated this 10th day of November, 1955.

/s/ WILLIAM DENMAN,

Chief Judge

/s/ WM. HEALY,

/s/ H. T. BONE,

Judges, United States Court of
Appeals

[Endorsed]: Filed November 14, 1955. Paul P.
O'Brien, Clerk.

[Title of U. S. Court of Appeals and Causes.]

AMENDED STATEMENT OF POINTS

Come Now the Appellants in the above entitled causes and after Order Consolidating the above appeals for all purposes adopt the "Statement of Points Upon Which Appellant Will Rely Upon Appeal Filed July 15, 1955, From Order, Final Judgment and Decree Filed, Docketed and Entered on the 15th Day of July, 1955, and From Order, Judgment and Decree Dated June 15, 1955, Filed, Docketed and Entered the 17th Day of June, 1955" filed by the respective Appellants in the United States District Court for the Southern District of California as the Concise Statement of the Points on Which the Appellants Intend to Rely on the appeals in the above entitled causes as provided in Rule 17(6) of the Rules of the above entitled Court.

Dated: November 29, 1955.

DAVID TAYLOR,
DAVID SOSSON,
KYLE Z. GRAINGER,
/s/ By KYLE Z. GRAINGER,
Attorneys for Appellants

Affidavit of Service by Mail attached.

[Endorsed]: Filed Dec. 1, 1955. Paul P. O'Brien,
Clerk.